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NEWS SUMMARY

GENERAL

Firemen stand firm on claim

The Fire Brigades Union executive reaffirmed its determination to stand by the claim for a 30 per cent pay rise, in spite of the lack of TUC support, after a meeting yesterday.

It is to seek help from other unions to prevent part-time retained firemen from working during the national strike, now entering its fourth week.

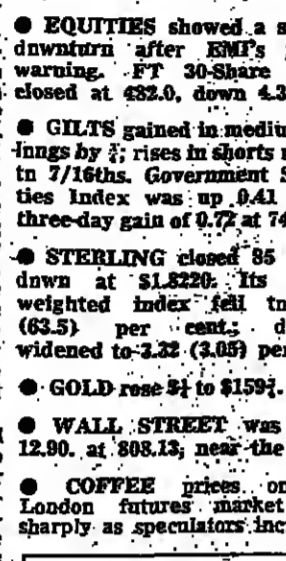
Meanwhile, members of the National Association of Fire Officers have again called for a 40 per cent claim but they agreed to take other forms of industrial action.

Firemen's leaders expressed their regret at the deaths of two soldiers who died in Manchester when they tried to quell a riot turned out to be a call to arms. In Belfast, three soldiers were injured as Army firefighters brought a blazing newspaper office under control.

BUSINESS

Equities down; gilts gain

- EQUITIES** showed a sudden downturn after EMI's profits warning. FT 30-Share Index closed at 433.0, down 4.3.
- GILTS** gained in medium and long terms; rises in short ranged in 7/16ths. Government Securities Index was up 0.41 for a three-day gain of 0.72 at 74.71.
- STERLING** closed 85 points down at \$1.5220. Its trade-weighted index fell to 83.2 (63.5) against dollar's widened to 1.23 (1.05) per cent.
- GOLD** rose 24 to \$159.
- WALL STREET** was down 12.90 at 893.13, near the close.
- COFFEE** prices on the London futures market rose sharply as speculators increased purchases in response to more bullish chart patterns. By the close, January delivery had risen \$49 to \$1.77 a tonne.



Envoys sent home

Police in Cairo, armed with machine guns, guarded the embassies of five hardline Arab states after Egyptian diplomats' relations with them in retaliation for their sharp criticism of Sadat's peace mission to Israel. Nearly 300 diplomats from Syria, Iraq, Libya, Algeria and South Yemen were given 24 hours to leave. Back Page, In London, Mr. Melchior Beghin, Israel's Prime Minister, reported to have recovered from a stomach upset.

Kaunda attack

President Kenneth Kaunda of Zambia says he will no longer participate in Anglo-American peace efforts to end the guerrilla war in Rhodesia and bring about a peaceful transition to black majority rule. He condemned the reaction of David Owen, British Foreign Secretary, to the recent Rhodesian raid on Mozambique which President Kaunda described as "savage and brutal." Page 6

Confidence plea

Mario Soares, Portugal's Prime Minister, appealed for support of the economic policies proposed by his minority socialist Government at the opening of a defence debate. He promised that if he survived to-day's vote, the Cabinet would be restructured to include independents. Page 4

Malaga riot

Police fired rubber bullets and tear-gas to disperse demonstrators in Malaga, Spain, where a general strike, in protest against the death of a Communist shot on Sunday, closed shops, offices, schools and banks. Political parties appealed for calm after two nights of rioting.

Sent for trial

Joyce McKinney is to face trial in Britain for six cargo liners worth \$52m. Epsom magistrates decided there was a case to answer against Mrs. McKinney and fellow American, Keith May, on charges of kidnapping Kirk Anderson and imprisoning him in a remote Devon cottage.

Chiefly

Cypria will not allow Nicolas Sampson, imprisoned for 20 years for his part in the 1974 coup against Archbishop Makarios, to travel abroad for medical treatment.

Abdul Wali Khan, leader of Pakistan's National Awami Party, and 15 other members have been released on bail after more than two years in custody.

A lorry, carrying half a ton of dynamite, exploded in Huimanguilla, Mexico, killing nine people and injuring at least 10 others.

French police have arrested a man in connection with the shooting of a British tourist in Draguignan on Sunday.

Flat is to raise the prices of some of its gas by 3 per cent.

Honda has increased the price of its Accord by £120.

A Soviet life insurance agent who sold policies for people already dead was jailed for 12 years.

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISERS

- Treas. Sipc 80-22 286 1/2
- Treas. 130p 299 1/2
- Burtonwood 148 1/2
- GBC 233 1/2
- Gibbons (Stanley) 155 1/2
- Hall (N.L.) 268 1/2
- Int'l Timber 116 1/2
- Nice-B-Zee 71 1/2
- Laing (J.A.) 142 1/2
- McKay Sacs 145 1/2
- Norton and Wright 163 1/2
- Triflow 86 1/2
- Union District 440 1/2
- United Scientific 250 1/2
- Vinten 74 1/2

FALLS

- Bent Bros 64 1/2
- Carless Carpet 30 1/2
- Chappan (Ballham) 37 1/2
- EMI 187 1/2
- Gioelivet 473 1/2
- Lynox (J.) 78 1/2
- Vercera 30 1/2
- BP (fully paid) 874 1/2
- Pancontinental 700 1/2

Nine may accept postponement of direct elections

BY GUY DE JONQUIERES IN BRUSSELS

There are increasing signs that most other EEC Governments are becoming resigned to the view that Britain's difficulties in securing approval for the direct elections Bill may make it impossible to hold the first set of elections to the European Parliament early next year, as originally intended.

Britain was the only country which expressed serious doubts at yesterday's summit meeting of EEC leaders about its ability to respect the May 10-nine target date for the elections. But its reservations aroused none of the bitter criticism which some of its Common Market partners have been moved to voice on this score in the past.

Both Chancellor Helmut Schmidt of West Germany and President Valéry Giscard d'Estaing of France expressed understanding of the problems facing the British Government and agreed that there was little to be gained at this stage from insisting publicly that the U.K. commit itself to a strict timetable for the elections.

This notable absence of rant was no doubt due partly to the satisfaction which the leaders that they were able to resolve disputes on several other awkward issues, notably the financing of the EEC Budget, the size and composition of the Regional Fund and a plan to launch a new Community Loan Facility.

Britain's position on direct elections was outlined by Dr. David Owen, the Foreign Secretary, who said that he still hoped that Parliament would approve legislation embodying a regional list system before Christmas.

Public borrowing short of forecasts

By Peter Riddell, Economics Correspondent

THE PUBLIC sector borrowing requirement so far in the present financial year is running well below the level indicated by Treasury forecasts revised only just over a month ago.

Borrowing by the public sector between July and September was the lowest quarterly figure for 34 years at £904m. This reflects higher than expected revenue, lower than expected expenditure as well as improved profits from some public corporations.

The total for the first half of the financial year is £2,480m according to seasonally-adjusted figures announced yesterday by the Central Statistical Office.

This is equivalent to £4.80m on a crude annualised basis but there are certain special influences on revenue in the second half which were largely absent earlier and not included in the seasonal adjustment.

U.S. to set steel import base prices

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Dec. 5

THE U.S. is to institute a trigger price system covering steel imports. Last week the head of the Steel Workers' Union had publicly doubted that they would do more to restore employment in the industry.

The full range of proposals include possible accelerated depreciation allowances for the domestic industry, more Federal industrial loan guarantees, the rationalisation of environmental regulations applicable in the industry (but not their modification), speed-up of anti-trust investigations of steel mergers (but no changes in the anti-trust laws) and, finally, the possibility of Federal aid in community or worker take-over of abandoned steel mills.

However, the total outlay of Federal funds in these associated proposals is unlikely to be great and Mr. Solomon made it clear that the centerpiece of the programme was the trigger price system for imports, which, he argued, should enable the domestic industry to recapture a substantial share of the market it had lost to imports, thereby improving its cash flow position and its capacity to make necessary capital investments for new technology and other modernisation.

Briefly, the trigger prices would be calculated as follows: the Treasury would make the final estimation based on production, transport and other factors, including general administrative expenses, and what was described as "a capital charge." Thus, Mr. Solomon said later included a profit factor of an unspecified percentage.

GEC appoints Cross to buy U.S. companies

BY MAX WILKINSON

GEC has hired Mr. Geoffrey Cross, former managing director of ICL to go to buy American companies, probably in the electronics field.

The news of Mr. Cross's appointment coincided with the GEC's announcement of pre-tax profits of £144.8m, on a turnover of £1.1bn, for the six months to the end of September.

The pre-tax profit is 20 per cent on the corresponding figure for last year and will contribute to the company's vast reserve of cash which now stands at more than £500m.

GEC has been anxious for several years to invest some of this money in the U.S., but as yet, has had little success.

Mr. Cross announced three weeks ago that he was leaving ICL because his children's health required him to move to a warmer climate.

During his five and a half years as head of ICL, the company's fortunes improved spectacularly. Pre-tax profits increased nearly seven-fold from £3.3m in 1972 to £23m in 1976.

The company developed a completely new range of advanced computers and made a major acquisition in the U.S., Singer's computer operations.

Mr. Cross's new job is relatively undefined. He is to set up an office in California, to look for suitable companies GEC can buy.

Sir Arnold Weinstock, GEC's managing director, said last night that GEC's interests were so wide that almost any electrical or electronic company could be of interest.

"Geoffrey's job will be to take business in, to smarten them up, remove any management or other problems, and then hand them over to GEC in apple-pie order," he said.

Mr. Cross said: "I am delighted to be working for GEC, and I am delighted that in my new job I will not be in competition with ICL. This will be very much a full-time, 80-hour-a-week job."

Mr. Cross's association with GEC goes back several years, as GEC was one of the major shareholders of ICL when he joined. An informal agreement to hire him was reached less than 72 hours after he announced his resignation from ICL.

GEC's strategic objective is to buy a presence in the U.S. electrical market, which is now running at about £1bn a year, roughly equal to the European market and a quarter of the total world market.

GEC's ambitions in the U.S. are matched by those of its German rivals, particularly Siemens.

It recently bought a 50 per cent interest in the heavy electrical interests of Allis Chalmers. It has also bought, for \$225m, a 47 per cent share in a California components company, Advanced Micro Devices.

Phillips, the Dutch electrical group, has bought into the micro-circuit technology with its recent acquisition of Signetics. Bosch and Nixdorf have also been moving westward with recent purchases of American MicroSystems and Centrex, respectively.

GEC has been looking at possible purchases in the U.S. for at least three years.

It maintains an office in New York, where it owns a diesel engine factory. It has a gas turbine factory in Texas and an electronics factory in Georgia.

But expectations that a major acquisition would be announced earlier this year were not fulfilled.

Meriden able to stand on own, Page 7; GEC half-year results, Page 20

Leaked

Mr. Solomon contended that the recommendations, many of which had been broadly leaked, did not amount to protectionism because quantitative restrictions on imports had been avoided.

He made it clear that if the system was seen to be working effectively, then the U.S. steel industry need not have recourse to anti-dumping actions against imported steel.

He ducked all attempts to draw him into estimates of the extent to which the flow of foreign steel imports into the U.S. might be stemmed by these policies of the domestic industry—whether or not to increase prices or to seek to recapture the imported share of the market by higher volume—would determine that.

The U.S. estimates that imports will command 17.9 per cent of its steel market this year. This is up from 14.1 per cent last year. Over the past two months imports have been commanding close to 20 per cent of domestic consumption.

The task force recommendations embrace much more than the trigger price system. There were, however, immediate signs that they would not satisfy those in industry and labour who have been seeking greater protection for the steel industry, where employment has dropped by some 60,000 over the last few years.

Two steel state Senators, John Heinz and Richard Schweiker from Pennsylvania, criticised the

Revision

The prices, reflecting steel producer groups, would be revised quarterly, to take account of changing costs and exchange rate movements. Each quarter the price would be set within 5 per cent, either side of the producer's full costs, a flexibility designed to smooth out temporary variations in the product's component costs.

The U.S. Customs Service would monitor imports using a new special Customs steel invoice document, yet to be designed, which importers would have to present at port of entry.

The price shown on this special invoice would then be compared with the trigger price in force at the time. And if the former were lower, the data would be passed on to the Treasury in Washington immediately for investigation.

The Treasury could then, if it determines that steel is being imported at less than the trigger price, institute the necessary proceedings.

Profits fall hits EMI shares

BY KEITH LEWIS

SIR JOHN READ, chairman of EMI, the entertainments, catering and electronics group, shook the City yesterday with news that the group's profits in 1977-78 were "running well below the level of last year." Over £36m. was wiped off the market value of the company by the close of business, with the shares ending 35p lower on the day at 187p.

Analysts' estimates of a static year's profit—based on the view that a modest decline in the first half would be made up by a better second half—have been dashed. The pessimists now fear a decline of perhaps 30 per cent in pre-tax profits at the halfway mark and a significant setback for the 12-month period as a whole.

Interim results are expected next March.

Sir John told shareholders at yesterday's annual meeting that the order intake for the much-publicised body and brain scanners was "for the time being, insufficient to enable us to earn satisfactory profits bearing in mind our substantial investment in the market."

He said the market for scanners was roughly half the size of that of a year before, which had also shown a decline. He attributed the fall to demand to the constraints imposed on the buyers of medical equipment by President Carter's administration.

EMI is also finding its overseas businesses under considerable pressure. In Australia, the chairman of a company in which EMI has a 60 per cent holding, has

Public Sector Borrowing Requirement

£m. seasonally adjusted	10,583
1975-76	8,783
1976-77	2,157
1st	2,928
2nd	2,121
3rd	1,799
1977-78	1,935
1st	1,531
2nd	904
3rd	

Source: Central Statistical Office

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A Bit of Rough

by MICHAEL COVENEY



Carolee Hayman and Trevor Eve

Tennessee Williams's *Streetcar Named Desire* is the definitive model for Gilly Fraser's pungent lunchtime snipplet about the affair of a trendy middle-class girl and her sexy Brixton barrow boy. We witness only the end of the relationship, however, as Julie (Carolee Hayman) returns battered and raped to Ray's (Trevor Eve, currently appearing as one of the sons in *Filmmen*) New Cross pad. The walls are decorated with James Dean and Elvis posters, as well as with pin-up shots of Ava Gardner and Natalie Wood. Ray's business is dealing in nostalgic pop records, and Julie, who wears no make-up, is to be fashionable. Senders to Ray's throw-back tastes by dressing like Rita Hayworth.

The chief dramatic twist is the revelation that Julie has been raped by her husband, "loopy Leo the poet" at her friend Celia's smart thrash, and the confession comes with Ray's possessive attitude towards the opposite sex. He reckons she probably owed Leo something anyway. The backgrounds of the two characters are lightly but effectively sketched: Julia has at last found the sort of sex she needs with Ray, while Ray has responded to Julie's "class" as an alternative to the readily available "slags" he grew up with.

None of this makes for particularly comfortable viewing, but it would be wrong to deduce from the action that Miss Fraser is suggesting that working-class brutes are endowed with more sexual verve than their effete counterparts in advertising and the media. The argument is

Düsseldorf Opera

Jenufa and Mr. Broucek

by ELIZABETH FORBES

Within a space of ten days the Deutsche Oper am Rhein, Düsseldorf, is presenting a cycle of six operas by Janáček, from *Jenufa* (the third to the loss of the Dead (the ninth and last), omitting only *Foto* (the fourth) from the Czech composer's mature, in the sense of fully-developed, operatic works. The productions are directed by Bohumil Hřístka, conducted by Peter Schneider, of the two I attended, *Jenufa* has sets designed by Hermann Scherr, and *The Excursions of Mr. Broucek* by Rudolf Barth, while Jelinek, Erler is responsible for the costumes of both. The operas are sung in German translation.

Jenufa has become a repertory staple in most Northern and Central European countries, but frequent hearings do not lessen its emotional impact that the ideas makes in the theatre, familiarity, far from breeding contempt, increases one's admiration for the depth of Janáček's feelings for humanity, for the wealth of his sympathies: the *Jenufa* production, sober and straightforward, with plain, workaday sets and drab or demure costumes, lays the entire burden of transforming a rather ordinary slice of Moravian village life into an imaginative work of art into the singers and the orchestra.

Stella Axaris makes a sturdy, warm-hearted *Jenufa*, able to suggest the aboriginal if transient

infatuation of the girl for Steva as well as the slow growth of her more lasting affection for Laca. Nadezda Kniplova's *Kateřinka*, outwardly reserved and self-contained, boils passionately below the surface with pride and love for her foster-daughter. She sings with superb attack, the timbre of her voice vibrant and darkly gleaming, in "selective juxtaposition to the softer-edged tones of Miss Axaris. William Holley, a vocally dependable Laca, and Werner Gotz, charming and volatile as Steva, are equally well contrasted.

Peter Schneider conducts with obvious understanding of Janáček's musical idiom. This perception is even more evident in *The Excursions of Mr. Broucek*, where the composer's originality has grown to a striking degree. He began *Jenufa* in 1896 and *Mr. Broucek* in 1917. With the loyal assistance of the Düsseldorf Symphony Orchestra, Mr. Schneider weaves the innumerable tiny themes into a deceptively fragile tissue that proves as strong as a spider's web. Such musical strength is imperative, as the text, especially that for Part I, *Excursion to the Moon*, is so weak. Fifteen persons were involved with the libretto of Part I, and Janáček took nine years to complete the score. Part II, *Excursion to the 15th Century*, with one librettist, took less than nine months.

The original novel by Svato-pluk Cech from which the *Moon* adventure was taken acquires the

Festival Hall

Haitink by DOMINIC GILL

The London Philharmonic Orchestra began their concert under Haitink on Monday evening with the London premiere of a new work by Witold Lutoslawski, *Métopoli*, commissioned, and first performed by the Concertgebouw in 1976. The title is a French word meaning "made of two equal but different parts" refers not to the form of the piece, but rather to the treatment of the musical ideas. Perhaps also to the substance of the music, made up as it is of roughly equal parts of smooth facility and empty rhetoric. *Métopoli* must surely be the slenderest piece Lutoslawski has

yet offered us: a scrap-book mix, 13 minutes long and very neatly blended, of pretty, sweet-spun instrumental sonorities framing a central climax reminiscent of nothing so much as the noisier moments of almost any film score. It has a short orchestral commission written in capital letters all over its face.

The account which followed of Mozart's C minor piano concerto K491, with Stephen Bishop-Kovach as soloist, was as unexceptionable as it was uneventful: plain and conscientious, almost entirely without aura or magic. For all manner of

Television

Into the Soul of South Africa

by CHRIS DUNKLEY

The most powerfully affecting programme of the week was that of Antony Thomas's four-part documentary series for ATV: *The South African Experience*. Those unfortunate enough to have missed it should know that it was, if you can imagine such a thing, a lyrical and mournful mood music on the denunciation of apartheid. If the other three programmes "probing the heart and mind of the Afrikaner nation" (Part 2 tonight, the others on consecutive Wednesdays), are anywhere near similar then this will be one of the outstanding series of the year.

There are two criticisms to be got out of the way before seeing why the programme was so good, and why it was much more effective than many another piece of detailed television journalism.

First, some explanation should have been given on screen of how the programmes came to be made. You don't have to be a professor of political theory to know that there are difficulties about filming in South Africa, and it was hard public relations policy to give no indication of the difficulties were surmounted.

Even more important, it deprived viewers of one of their most valuable context-setting tools: should we have been bearing in mind as we watched that this film was shot clandestinely on 8 mm. tourist cameras? (It certainly did not look like it.) Did Thomas claim to be making one sort of programme while actually making another? It is impossible to be sure that he was given permission to make the film that we saw. Did he anticipate a lifetime ban from South Africa after the programmes appeared?

The questions do not express idle curiosity. The programme did not pretend, thank goodness, to have been made by an objectivity machine: it openly conveyed the subjective view of a human being equipped like the rest of us with heart as well as head, beliefs as well as knowledge, and all the prejudices of any man who has experienced childhood. That is its greatest strength.

It is always good to find television using journalism of this sort, rather than pretending that there is some ultimate abstract concept called "balance" since, as Jonathan Dimbleby rightly says, balance depends on whom you decide to put the fulcrum. But if we are to have this sort of approach, and he treated like grown ups listening to grown ups, then in order to evaluate what we see and hear we need to be equipped (at least when the subject is widely known) with a modicum of information about the men and the means employed.

Japanese Experience, seems to have grasped firmly an idea which perpetually evades many television producers and causes continual trouble between broadcasters and public.

Far too many producers seem to believe that viewers habitually sit in front of television sets concentrating as though at a university lecture on which they are shortly to be examined in detail. Producers pile lists of statistics into voice-over commentaries, and run these over the top of rapidly changing pictures and apparently assume that all this is being taken in.

Week after week the letters in Radio Times prove otherwise. Readers continually write and complain of bias and misrepresentation, mistakes and omissions, and nine times out of ten the self righteous reply from the producer declares scathingly that "The script made it quite clear..." which is, of course, nonsense. The script may not have lacked what the reader says it lacked, yet it certainly did not make itself "quite clear" to him, at any rate, or he would not be writing.

Nor, I suspect, do a lot of programmes make themselves quite clear to a great many people a day of the time. Even half a dozen television critics who do

The Entertainment Guide is on Page 28

in have the right intentions. Whether it always achieves them is another matter. This week Nelson News essayed an explanation of the forthcoming Brussels defence talks which involved explaining European strategic and tactical defences which entailed an explanation of the neutron bomb which led to a lesson in atomic physics which seemed to depend upon all pairs of German towns being 11 kilometres apart. But at least *Weekend World* continues to take on the really big topics such as nuclear weapons, and for that it must be commended.

The ever absent Ronald Eyre has been asking questions about the biggest of the lot—Why are we here?—in BRC's *Long Search*. Episodes have varied somewhat between last week's more impressionistic piece on Taiwan, for instance, and this week's *California* during which you only had to sneeze to find that Ronald had moved on to a completely new group of loonies. There have been some remarkably opaque bits and pieces in this series which is now drawing towards its close.

Perhaps the answer (for programmes long in the making anyway) is for them to be led down to lay sampling panels. I suspect that producers would be horrified at how little of what they had packed in a carefully abridged end was actually being absorbed on the receiving end. Antony Thomas excepted, of course.



Sandra Laing (centre) and her parents in 'The Search for Sandra Laing'

Westminster Cathedral

Britten's War Requiem

"Cold" is the manner of performance indicated to the choir of the Junior department of the Royal College of Music. The Royal Philharmonic Orchestra provided strong accompaniment. Some features of the total effect and a certain lack of contrast in volume were debited to the Cathedral itself. It is possible, I think, to consider the *War Requiem* never valued. Its bold poetic synthesis and its moral message, rather than musical superiority, have perhaps made it so much better known than Britten's other long, composite choral work, the purely secular (and delightful) *Spring Symphony*. But last night the occasion and the music were uniquely and unforgettablely matched. ARTHUR JACOBS

Wigmore Hall Peter Knapp by MAX LOPPERS

Peter Knapp did justice neither to himself nor to one's high expectations of his Monday song recital. The young baritone was the winner of the concert of the Schubert-Britten Festival this autumn, selected by an exceptionally distinguished jury. His firmness of voice, intelligence of mind, and distinctness of presence have contributed substantially to the Kent Opera productions in which he has appeared. The recital—one of the Park Lane Group's International Prizewinners series—boasted an apt, appetizing programme of Schubert and Britten. But for the major part of the evening an abiding stiffness of manner, characterised in stance and facial expression, effectively threw a damper on the many virtues of his singing.

These included, in the Schubert selection of the first half, a knowledgeable delivery of German (Mr. Knapp's understanding of the words he sang was borne out by the translation of several songs on the word-sheet); also a steady, if never very varied or colourful emission of tone, and a top capable of ringing out bravely (although the impact of this was far less stirring than it ought to have been). Powerful, surging songs such as "An Schwager Kronos" or "Der Schiffer" were comfortably encompassed, with no suggestion of strain or of tonal reserve running out. But behind the performance, especially those Collier's *Rhythm Aces*, January 1, embodied in "An die Naechsten" or "Bei dir" there seemed to be a constraint on persona-

lity, on communication with an audience, and as a result little was permitted to emerge beyond conscientiousness and secure musicianship.

Britten's *Songs and Proverbs of William Blake* rest among the highest achievements of his "last period." Mr. Knapp's sparing employment of tonal shading and verbal pressure had the effect of allowing the bleakly disturbing beauty of the music to emerge of its own accord. But no more than any other songs in a song recital should these have been given from behind a music stand—until the sly lyricism of the piano part hegan to colour the words, especially under the keen fingers of Roger Vignoles, one feared that the singer was about to embark upon a lecture, in him to unbind to an audience the song arrangements that concluded the recital—there was humour in "The Lincolnshire Poacher." But, despite the draughtily hall and the small audience, the process ought to have begun much earlier.

Jazz Brunch at the Portman Hotel

The following artists will be appearing at the Portman Hotel's New Orleans Jazz Brunch during the next few weeks: tenor-saxist Bud Freeman and the Lennie Hayton Trio, December 11; singer Beryl Bryden with the Eric Suter Quartet, December 18; Max Collier's *Rhythm Aces*, January 1; embodied in "An die Naechsten" or "Bei dir" there seemed to be a constraint on persona-

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EUROPEAN NEWS

Soares issues challenge on confidence vote

BY DIANA SMITH

SR. MARIO SOARES, the Portuguese Prime Minister, today challenged his political opponents to face up squarely to the responsibility of bringing down his minority Socialist Government...



Sr. Mario Soares addresses Parliament at the start of yesterday's debate.

After a marathon debate, the 263 MPs will cast their vote tomorrow on Wednesday. Unless Sr. Soares' fighting speech changes their minds, the 73 Social Democrats and 41 Christian Democrats...

Apel says dollar's fall 'not justified'

By Adrian Dick

BONN, Dec. 6.

THE WEST German Government reacted to today's hectic dealings on foreign exchange markets by stating that the current decline of the dollar against the Deutsche mark was 'not justified by the objective economic facts.'

West Germany regards the current turmoil in the foreign exchange markets as essentially speculative, and 'erratic' under the terms of the Rambouillet agreements on the handling of floating exchange rates.

The Prime Minister had harsh words for the 'hidebound rank and file' of the Social Democrats, and the attitudes of their temporarily-retired president, Sr. Francisco Sa Carneiro, who recently called for a change in the constitution...

Indian Ocean talks

U.S. and Soviet negotiators began a third round of talks in Bern today on ways of demilitarising the Indian Ocean, Reuters reports. The secret talks follow previous sessions in Washington last October and in Moscow in June...

NATO MINISTERS WARNED OF SOVIET BUILD-UP

U.S. urges stronger Europe defences

BY REGINALD DALE, EUROPEAN EDITOR

THE U.S. is not happy with Europe's response to President Carter's appeal for a strengthening of Western defences against the continuing Soviet military build-up. The message was conveyed here today by Mr. Harold Brown, U.S. Defence Secretary...

Washington, together with other Western capitals, is satisfied with short-term measures to improve the alliance's forces in such fields as anti-tank weapons, reserve stocks, and overall 'readiness and re-inforcement.'

Alliance sources said that only four countries had today spelled out details of how they intend to meet the target of annual per cent increases of expenditure during 1978 to 1984 adopted by Defence Ministers in June.

The Foreign Minister, Pierre Graber, told the chamber that the disadvantages of Switzerland's non-membership were becoming increasingly noticeable. Entry to the UN would do no way jeopardise Swiss neutrality...

more than maintain the current level in the coming year. The American complaint was delivered after Gen. Zeiner Gundersen, the Norwegian chairman of the Alliance's Military Committee, had pointed out that improvements in weapons systems by NATO members were not keeping pace with the military threat from the Warsaw Pact.

General Gundersen told a Press conference that the reduced tank weapon, the so-called 'neutron bomb', would be militarily advantageous in countering the threat from Warsaw Pact armoured vehicles.

The suggestion here to-night was that a number of Western European Governments would ultimately tell Washington they want some of the Lance missiles they are acquiring from the U.S. to be equipped with 'neutron' warheads.

TECHNICAL experts from the ruling Christian Democrat Party (DC) had informal talks here today with a team representing the Italian Communist Party (PCI), whose tacit support in Parliament maintains the minority government in office.

Most Italian schools were closed yesterday as teachers and administrative staff went on a one-day strike to press for educational reform. Reuters reports from Rome. The strike, which involved an estimated 700,000 of the country's 900,000 school staff, was called by Italy's three principal union federations.

Other NATO countries are also trying to persuade the Dutch to re-assign a second brigade of up to 5,000 troops to West Germany, taking over barracks hitherto occupied by British soldiers.

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talks are to determine the precise extent by which both these agreed ceilings will be breached, together with the distribution of projected State-sector spending next year.

A working document prepared by the Government is understood to call for a combination of spending cuts and additional revenues, cutting back the revised projected 1978 public sector deficit by roughly L5,000bn (more than £5bn) to around L2,500bn.

PARIS, Dec. 6. BOTH GOVERNMENT and unions appear to be digging in for a long battle over pay at France's State-owned electricity and gas utility, Electricite de France. The two main unions, the CGT, which is Communist-controlled, and the Left-wing CFDT, are making one hour power cuts each day to follow last week's national strike...

Spanish Separatism Madrid considers further autonomy

By Robert Graham in Madrid

THE SOUTHERN town of Malaga was yesterday paralysed by a 24-hour protest strike held by the Communist Party in the centre of town over the death of a 19-year-old youth shot dead by police during riots on Sunday.

The central government has adopted a sympathetic attitude towards regional autonomy. It was a principal issue in the general elections and the Government of Sr. Adolfo Suarez has given it top priority.

Parade

At Malaga was ill-considered and underlined by the large peaceful demonstrations elsewhere (there were over 300,000 parading in Seville), but more pertinently by his resignation. However, the incident shows how easily regional passions can be inflamed. This is especially the case when demands for autonomy can be tied into grievances over unemployment and economic neglect.

Austrian trade deficit up

PARIS, Dec. 6.

Austria's trade deficit rose to 5,690m. Schillings in October compared with 5,330m. in September and 4,350m. in October last year, the Statistics Office in Vienna said, Reuters reports.

Belgian unemployment

BELGIAN unemployment rose to 232,744, or 7.3 per cent of the working population at the end of November from 272,622 or 6.5 per cent at the end of October, the National Employment Office said, Reuters reports.

Contracts renewed

A QUARTER of Italy's work force of 20m. are to renew their labour contracts next year, according to a survey by the Government news agency, ANSA. Of the total involved, 3.2m. are in industry, including 1.82m. metalworkers and 1m. in the building trades, AP-DJ reports.

Pakistanis expelled

WEST BERLIN authorities yesterday expelled 124 Pakistanis who had illegally entered the Western part of the city, West German news agency UPI reports. A City Government spokesman said the Pakistanis were flying back to Karachi because they had not been politically persecuted before coming through the wall from East Berlin.

Swedish birth rate

Sweden's birth rate has reached its lowest level since population record keeping began in 1749, a report from the Central Bureau of Statistics said yesterday, Reuters reports. The number of births recorded in the first nine months of this year was 74,800, 2 per cent less than for the same period last year.

Spanish Separatism Madrid considers further autonomy

Andreotti backers balk at budget

BY DOMINICK J. COYLE

ROME, Dec. 6. TECHNICAL experts from the ruling Christian Democrat Party (DC) had informal talks here today with a team representing the Italian Communist Party (PCI), whose tacit support in Parliament maintains the minority government in office.

Most Italian schools were closed yesterday as teachers and administrative staff went on a one-day strike to press for educational reform. Reuters reports from Rome. The strike, which involved an estimated 700,000 of the country's 900,000 school staff, was called by Italy's three principal union federations.

PARIS, Dec. 6. BOTH GOVERNMENT and unions appear to be digging in for a long battle over pay at France's State-owned electricity and gas utility, Electricite de France. The two main unions, the CGT, which is Communist-controlled, and the Left-wing CFDT, are making one hour power cuts each day to follow last week's national strike...

Thatcher lauds Yugoslavs

BELGRADE, Dec. 6.

BRITISH CONSERVATIVE leader Margaret Thatcher today praised the Yugoslav Communist system for encouraging worker initiative and attacking nationalised industry in Britain for causing State monopolies.

Human rights move fails at UN

BY OUR OWN CORRESPONDENT UNITED NATIONS, Dec. 6.

A DOZEN years after the proposal was first made, opposition by the Soviet Union and other authoritarian states again killed a Western-initiated resolution to have the General Assembly establish a post of UN High Commissioner for Human Rights.

Spies jailed

A 47-year-old former West German army officer and his two accomplices were jailed yesterday for spying for East Germany, Reuters writes from Munich.

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- In our 1,560 stores in the greater Metropolitan Area of Paris*: 1 We serve 650,000 customers daily. 2 In 1976, we have sold* 52 million bottles of milk, 1,022 tons of ham, 6 and half million packages of coffee, 62 million bottles of wine, 4,000 tons of oranges and 2 million pairs of stockings and panty hose. 3 In 1977 we shall spend £ 280 million for purchasing goods* (of which 95% produced in France). 4 In 1977 our turnover will be about £ 340 million*, 30 times more than in 1960. Over the past 16 years, the annual compounded rate of increase of Félix Potin (without subsidiaries) was 14.8% for cashflow, 16.3% for dividends and 17.4% for net profits.

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*Estimated figures (exchange rate dated 10.11.1977) for direct and indirect affiliates of felix potin.

AMERICAN NEWS

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INVESTMENT Record new capital spending in third quarter recorded

BY STEWART FLEMING
NEW YORK, Dec. 6. RECORD allocations of new capital for investment were recorded in the third quarter by the top 1,000 U.S. manufacturing companies, according to a survey by the Conference Board, a leading business research organization.
But the Board emphasized that its findings did not conflict with other surveys of capital spending which suggest that while investment is increasing there is no evidence of a surge which would give the economy a new boost.
The Board pointed out that the rise in capital appropriations to a record \$17.7bn. in the third quarter reflected in part inflation and cost increases in 1977.

British companies lead the field

BY DAVID BELL WASHINGTON, Dec. 6. BRITAIN made the largest amount of separate investments in American industry last year as Europe, Japan and Canada continued to be the largest investors in the U.S. economy, according to a new study released here by the Commerce Department.
British companies made 36 individual investments followed by Japan with 25 and West Germany with 26. By contrast, Saudi made only three investments although Iran made the largest single purchase when the Bank Omran paid \$250m. for a building complex in New Orleans.
Indirect investment by members of OPEC, which is not covered in this survey, is now extremely heavy and runs into many billions of dollars.
Largest
Although British companies were the most active, the largest amount of money was spent by Switzerland which last year invested \$250m. In the following year West Germany, Iran and Belgium followed. The Commerce Department estimated that last year companies spent a total of \$2.1bn. in investments that could be valued and of that figure investment by members of OPEC amounted to only \$309m.
The Department's survey is a mine of interesting information and shows that direct investment was heaviest in manufacturing. The principal manufacturing investors were chemicals and allied products, primary and fabricated metals and machinery. Finance, insurance and real estate were the next most popular sectors for foreign investment.
Most of the new investments involved either the acquisition of an existing company or the enlargement of an existing stake in a company. Somewhat surprisingly, given all the emphasis on the new subsectors in the south and west, half of the investment was concentrated in only five states: California, New York, Texas, Illinois and Pennsylvania.
Commerce Department officials claim that this survey is the most comprehensive so far undertaken by its Office of Foreign Investment which was set up in 1974 to monitor direct investment in the U.S. following passage in Congress and signing about the extent of such investment following the rise in oil prices.
In fact, OPEC countries have so far made very few direct investments in the U.S., although, of course, they continue to hold considerable amounts of money on deposit with U.S. banks and to have large holdings of short and medium term financial assets. Last year, 77 per cent of investment in the U.S. came from Japan, Europe and Canada and without the Argentinian investment in New Orleans the OPEC share of foreign investment would be very small.
Officials are predicting that this year foreign investment in the U.S. will comfortably surpass last year's figures. In the first nine months of 1977 some \$2.1bn. of foreign investment has already been recorded about the same as the 1976 figure.
It is possible, however, that the 1976 figures underestimate the amount of real estate investment by foreigners in the U.S. The Office of Foreign Investment has tightened its reporting requirements for mergers, acquisitions and increase in equity stakes but there are very few federal regulations that require reporting of foreign land purchases.
As a result there is some speculation that foreign land holdings may be substantial and there is a suspicion that investors from OPEC nations may have channelled quite large amounts of money into this sector.

Cuba rejects the idea of Angola troop withdrawal

HAVANA, Dec. 6. PRESIDENT Fidel Castro said today Cuba would not withdraw its military advisers from Angola just in order to improve relations with the U.S.
But he did tell visiting U.S. journalists that relations between Havana and Washington were better than ever they had been in the 18 years of his rule and that they should continue to improve.
The Cuban leader was speaking after 34 hours of talks with two U.S. congressmen who conveyed President Carter's warning that there could be no renewal of normal trade and diplomatic relations until Cuba discontinued the withdrawal of 18,000 military advisers reported in Angola. Cuba maintains thousands of troops in Angola and continues to provide technical and medical aid.
Congressman Fred Richmond and Richard Nolan returned to the U.S. immediately after the meetings.
Dr. Castro said that President Carter should not magnify the problem. "It has nothing to do with the relations between the U.S. and Cuba. It has nothing to do with commitments we have had to other countries for many years."
During his wide-ranging conversation with the reporters in his office, President Castro expressed admiration for Mr. Carter.
He said he was sure Mr. Carter would not authorize CIA support for what he called terrorist activities against Cuba such as attempts alleged to have taken place in the past.
Dr. Castro said he would "have no objection" to a meeting with President Carter but felt the time was not ripe.
"I believe Carter should be free to consider a date when that is useful," he said. "Maybe in the second Carter term," he added with a smile.
He said there had been remarkable progress in bilateral relations. "The climate is different. In the last few months I've met more Americans than in 18 years." Reuter.

Argentina-Chile tension

BUENOS AIRES, Dec. 6. THERE WERE increased signs of an Argentine troop mobilization on the border with Chile today as talks between the two military Governments over a territorial dispute in the southern Beagle Channel, north of Cape Horn, progressed.
In Uspallata, a border town near a strategic pass through the Andean mountain range, a call-up of soldiers no longer on active service was broadcast on local radio networks.
Earlier General Jose Luis Seron, commander of the Sixth Mountain Brigade based in another border locality, Junin de Los Andes, had denied that a build-up of troops and supplies was related to tension with Chile.
Attention in Buenos Aires and Santiago de Chile has been centred on the current talks between the Argentine military Government's envoy, Rear Admiral Julio Torti, and Chilean ruler General Augusto Pinochet.

Many U.S. mines stop production

By Stewart Fleming
New York, Dec. 6. MINES accounting for about half U.S. coal output ceased production today as the three year work contract of the United Mines Workers of America expired.
About 130,000 miners were walked out of the pits as UMW leaders and the Bituminous Coal Operators Association which represents management indicated that no progress had been made towards resolving their dispute over a new three year contract.
Union leaders have indicated that they are anticipating a long strike, perhaps lasting three months. Government analysts have estimated that it would take a strike lasting six months to have a serious impact on the economy since stocks at electricity generating plants and in the steel industry are high.

CUBA PLANT PROTEST

By Robert Gibbons
MONTREAL, Nov. 23. A MONTREAL engineering group's bid to build a stainless steel plant in Cuba is meeting opposition from the U.K.-controlled Rio Algom, which through its Atlas Steels division operates a similar stainless steel plant at Tracy, SNC, the consultant and engineer, in its feasibility report to the Cuban Government, figured that \$180m. of equipment orders would be supplied by Canadian producers.

Some signs of compromise over Carter energy Bill

BY JUREK MARTIN WASHINGTON, Dec. 5. THE prospects for President Carter's energy proposals being passed into law in a form acceptable to the Administration appeared a little brighter today as the deadlocked factions making up the joint Congressional Conference Committee showed signs of compromise.
However, it remained doubtful whether a final bill would secure congressional approval by Christmas—or even whether the committee itself could put together an amended package much before then.
The movement that appears to have taken place in a non-stop series of private meetings over the last few days has occurred in the two most intractable areas—continued regulation of natural gas prices and the disposition of the proceeds from the proposed well head tax on crude oil.
On natural gas, the conferees are said to be inching towards acceptance of President Carter's insistence that the price of newly discovered natural gas remain subject to federal control at about \$1.75 per thousand cubic feet, or perhaps slightly higher. However, an escalator clause is likely to be included, permitting this to rise over the next few years.
There seems also a reasonable chance that the conferees will agree to the extension of federal controls to intra-state gas. But such controls may be limited to pricing only and not cover distribution or allocation of supplies.
The Senate members of the Conference Committee are evenly split, nine on each side, on the issue of continued regulation of the natural gas sector. In addition they are in profound disagreement over what should constitute "newly discovered" gas. On the oil front, there were signs of some flexibility in the pro-industry position adopted by the influential Senator Russell Long, who wants at least some of the proceeds of such a levy (which would bring American oil prices up to world levels over a period of time) ploughed back to the oil industry so as to encourage additional exploration.
Senator Long, a master at the sort of complex inching which has been pushing for the creation of a trust fund, to be financed by the diverting perhaps 25 per cent of the proceeds of the well head tax, and to be made available to industry for exploration purposes.

Chrysler to close car plants

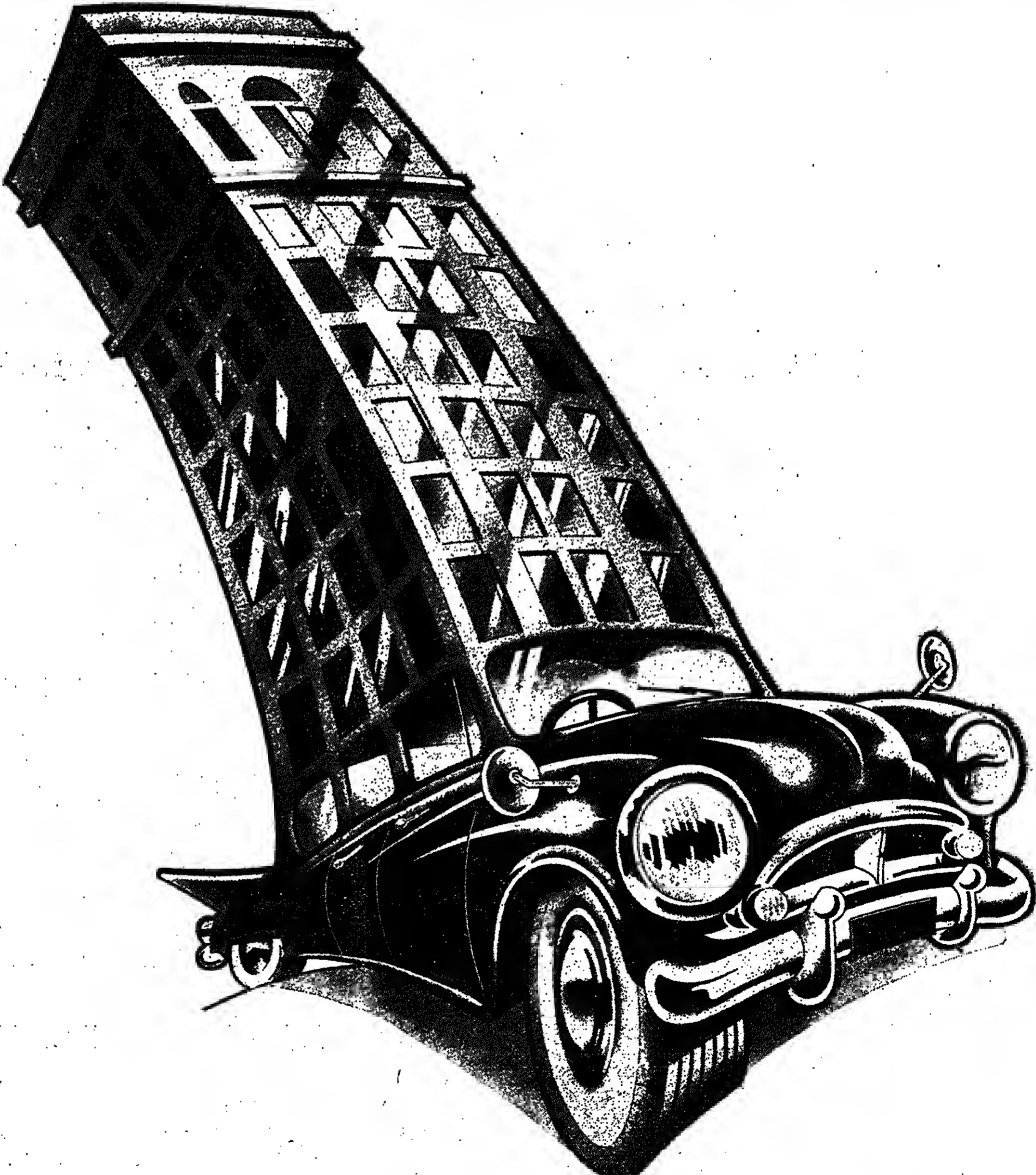
BY JOHN WYLES NEW YORK, Dec. 6. CHRYSLER Corporation is to close three of its six U.S. car assembly plants for a week later this month following a slump in the company's market share in November to its lowest level since June 1963.
Sharp competition from the other two big Detroit manufacturers, General Motors and Ford, coupled with strong import sales, is putting increasing pressure on Chrysler which is expected to be further reflected in its December sales figures.
Chrysler's 11.8 per cent share of the U.S. market, excluding imports, was a 14-year low which compares with a 14 per cent share in November 1976. The company is now pinning its hopes of recovery on two small front wheel drive cars, the Omni and the Horizon, which are to be introduced in January. In the meantime increasing stocks of four of its medium and large-sized cars have prompted the decision to shut down three assembly lines for a week later this month, the second production halt since the new model year got under way at the beginning of October.
Chrysler is being handicapped by a thinner sales mix than either General Motors or Ford, fewer new designs at the start of the 1978 model year and narrower profit margins.

Shipowners confused over closure of St. Lawrence Seaway

BY VICTOR MACKIE OTTAWA, Dec. 6. THE CLOSING of the St. Lawrence Seaway to all inbound ships more than two weeks before the freeze has left shippers confused.
The joint U.S.-Canadian seaway authority has closed the channels to up-bound traffic to allow as many ships as possible to escape from Canada's inland waterways before winter sets in.
Mr. Paul Normandeau, president of the St. Lawrence Seaway Authority, said today that it was absolutely necessary to stop ships entering the seaway being able to deliver the goods.

W. Pembina oil claim

BY OUR OWN CORRESPONDENT MONTREAL, Dec. 5. The first legal clash arising from the recent West Pembina oil and gas exploration rush may work for Home.
Chevron Standard, a subsidiary of Standard Oil of California, alleged that Home Oil, a subsidiary of the Toronto gas distributor, Consumers Gas, improperly used confidential information developed by Chevron in the West Pembina area. Chevron says it will file a suit in the Alberta supreme court the November 29 Alberta government today and will seek to recover all land acquired by parcel of \$3m. nearby. This acreage is near Home's two contemplated wells in West Pembina.



Before you invest in a building, you like to know what it costs to run.

When you plan a new building, you plan an economic proposition. To be sold, rented, or run by you. That's why you must plan your energy use first. It's called Energy Management. Crucial, given energy costs today. Because every building designed to its principles is built to last-planned as it is from the viewpoint of working efficiency, comfort for the people in it, and long-term economical energy usage.

One of the pioneers of Energy Management is the Electricity Supply Industry. Any of their Boards can help your planners with those specialist details, which, if neglected, will only land on your desk later. What the best balance should be between day-light and electric lighting. Modern heat recovery systems. All sorts of problems, essential to solve at sketch-plan stage. They can also offer, where appropriate, the service of a unique computer program called BEEP. This can provide your planners with a detailed analysis of a building's energy requirements, consumption, and running costs. All relevant tariffs for electricity, gas, oil, coal and water are included in the program. It's very simple. Before you can save energy, you must plan it properly. This is what Energy Management is all about. For full details, contact your Electricity Board.

PLANELECTRIC
The Electricity Council, England and Wales.

OVERSEAS NEWS

WORLD TRADE NEWS

Zambia withdraws from Anglo-American initiative

BY MICHAEL HOLMAN

LUSAKA, Dec. 6

AN ANGRY and anguished President Kaunda, announcing that Zambia would no longer participate in the Anglo-American settlement plan for Rhodesia...

Australian PM 'lied throughout campaign'

By Kenneth Randall

CANBERRA, Dec. 6

THE NATIONAL President of the Australian Labour Party, Mr. Bob Hawke, to-night accused the Prime Minister, Mr. Malcolm Fraser, of having lied throughout his campaign for the general election...

Dutch Government moves to aid export companies

BY MICHAEL VAN OS

AMSTERDAM, Dec. 6

HOLLAND'S SERIOUS concern about the growing competitiveness in foreign markets is reflected in a new move by the government to support exporters...

Arabs plan \$200m. shipbuilding programme

By Ian Hargreaves, Shipping Correspondent

BAHRAIN, Dec. 6

A SIGNIFICANT expansion of the Arab oil tanker fleet is expected to be sanctioned in the next few days by the Board of the Kuwait-based Arab Maritime Petroleum Company...

Sabotage suspected at N-plant

By Our Own Correspondent

NEW DELHI, Dec. 6

INDIA'S nuclear power programme, already hit by difficulties in obtaining enriched uranium from Canada and the U.S., has been set back by at least another year because of the damage to the heavy water plant being built at Barode in Gujarat State...

Gandhi's party coup

BY K. K. SHARMA

NEW DELHI, Dec. 6

SHOWING SOMETHING of her former skill at political manoeuvre, Mrs. Indira Gandhi has won a stranglehold on the opposition Congress Party's executive and forced her opponents to back her in a move by which she has successfully made the party accept her problems as their own...

Israel eases rules on detainees

By David Lennon

TEL AVIV, Dec. 6

ISRAELI is permit representatives of the International Committee of the Red Cross (ICRC) to visit security prisoners from the occupied Arab territories no later than 14 days after their detention...

EEC attacked over shipbuilding

BY JONATHAN CARR

HAMBURG, Dec. 6

FACED WITH a further reduction in their world market share, West German shipbuilders today strongly criticised the EEC Commission for permitting mounting State aid in the member countries...

Textile talks adjourned

GENEVA, Dec. 6

DELEGATES from 50 countries today adjourned discussions on renewing an international agreement regulating world trade in textiles so that they could have two days of private talks, officials said...

ITT seeks to resolve bid problems on Saudi deal

BY JOHN LLOYD

ITT has said that it "would like to meet at the negotiating table" to sort out any discrepancies in the bidding for the world's largest telecommunications contract, the telephone network extension in Saudi Arabia...

THE YEMEN ARAB REPUBLIC'S FIVE-YEAR PLAN Harnessing the potential

BY JAMES BUXTON, RECENTLY IN SANAA

THE FUTURE came to North Yemen this month in the shape of more than 150 experts, mostly economists of one kind and another. They flew to the capital, Sanaa, from the Arab world, Europe and America, and sat down in a conference hall to grapple with the finer points of the country's complex and ambitious 1,300-page development plan...

Johannesburg bomb blast

JOHANNESBURG, Dec. 6

THE SECOND bomb blast in two weeks in the Johannesburg area today blew a hole in a police station wall but only one person was injured, police said...

China takes hard line on prices

BY COLINA MacDOUGALL

HARD bargaining over prices in a store for anyone selling industrial equipment to China following last week's visit to Britain by Peking's Minister of Foreign Trade, Mr. Li Chang...

Siemens in Nigeria

SIEMENS AG's 75 per cent subsidiary, Transformation Union AG, has agreed to set up a joint company with the Nigerian government to build a distribution network of transformers, Router reports from Stuttgart...

NEWS ANALYSIS

BP's Sardinia plan bogged down

BY ARNOLD KRANSORFF IN SARDINIA

THE ANNOUNCEMENT of the possible closure of British Petroleum's 60 per cent-owned protein-fertiliser plant in Sardinia is not entirely unexpected. For about 16 months now, BP, in partnership with ANIC, a subsidiary of ENI, has had to mothball a 240m. factory which could annually produce 100,000 tonnes of Toprina, a brand-name high protein animal feed substitute for calves, poultry and pigs...

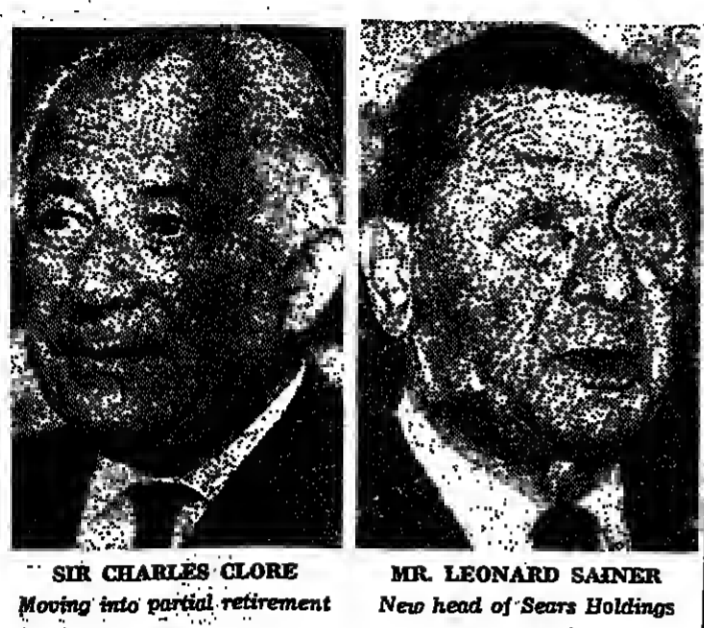
HOME NEWS

Clore to step down as head of Sears

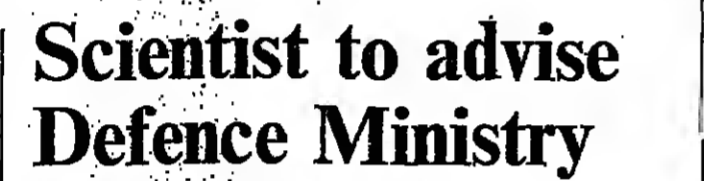
BY MARGARET REID

multi-millionaire whose activities led to the coming of the word 'take-over'...

Sir Charles pioneered the concept of taking over companies with under-used assets...



SIR CHARLES CLORE Moving into partial retirement



MR. LEONARD SAINER New head of Sears Holdings

Meriden now able to stand on its own

By Arthur Smith, Midlands Correspondent

GEC, WHICH played a central role in the rescue, ten months ago, of the Meriden motorcycle co-operative...

Evaluation All 631 members of the co-operative are on the same wage of less than £80 a week...

Cabin village in the forest A FOREST holiday village will be opened in Cropton Forest in the North York Moors...

Fresh BBC plea on TV fee BBC efforts to get a substantial rise in the television licence fee are building up...

Go-ahead for £20m. fertiliser plant may follow gas pact

BY KEVIN DONE, CHEMICALS CORRESPONDENT

AN investment of £20m. to £25m. phase of a major expansion programme at Ince. The cost has now escalated to £20m.-£25m.

With some certainty over feedstock prices, at least in the short-term, and higher fertiliser prices, UKF is expected to give favourable consideration to its postponed fertiliser plant expansion in the New Year.

UKF has frozen two major projects because of its uncertain feedstock position. It had planned to build new nitric acid and ammonium nitrate plants at a cost of some £15m. as the first phase of a major expansion programme at Ince.

Co-op cuts interest on personal loans

By Michael Blandon

THE Co-operative Bank is continuing to provide free banking for personal current account customers who stay in credit next year...

The decision to drop the payment of interest on current accounts is an important move for the Co-op, since this has formed one of its main selling points in the past.

Dearer debits The bank is reducing the rate of interest on its personal loans, the fixed-rate fixed-term loans which are used as the main vehicle for unsecured lending to personal customers...

Small businesses keen to borrow more from ICFC

BY NICHOLAS COLCHESTER

ICFC, THE subsidiary of Finance for Industry that provides long-term funds for small businesses, is experiencing an unusual surge of interest in its lending facilities.

Total applications for loans now total £75m.—up from £55m. last September—and £20m. in September, 1976—and at least half of this amount is earmarked for capital spending.

Subsidiary for Lloyds LLOYDS BANK has formed a subsidiary company to provide insurance services for its customers in order to conform with the provisions of the Insurance Brokers (Registration) Act 1977.

Scientist to advise Defence Ministry

BY DAVID FISHLÖCK, SCIENCE EDITOR

A CHEMIST, Professor Ronald Mason, is to be the new chief scientific adviser to the Ministry of Defence. The post has been vacant since early October, when Sir Hermann Bondi transferred to the same position at the Department of Energy.

Neighbourhood councils 'counter disillusion'

SUPPORT for a new form of grassroots participation in community affairs was urged yesterday by Mr. Reg Fresson, Minister for Housing and Construction. He said that the setting up of neighbourhood councils (non-statutory bodies designed to act as local pressure groups) would help counter the disillusionment with local politics.

British Caledonian fears loss on Scottish route

BRITISH CALEDONIAN expects to lose £750,000 this year on its domestic air services—mainly flight between Gatwick airport and Edinburgh and Glasgow.



WHEN YOU NEED DISTRIBUTION CONTROL A LONG WAY FROM BASE... SEND FOR SUPERBRS! If your factory is in one place, and your customers are all over the place, you could have a problem.

HOME NEWS

Car makers want tighter curbs on Japan imports

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE BRITISH motor industry is renewing attempts to strengthen and prolong the understanding on voluntary restraints by Japanese car importers...

Datsun, the major importer, put up for formal restraint imports compared with 37.5 per cent in 1976. A great deal of this increase is accounted for by imports from the multi-nationals...

Fiat to increase prices of some models by 3%

FIAT IS to raise the prices of some of its models by an average of 3 per cent. The price rise will affect models delivered to dealers after December 12...

Table with 3 columns: MANUFACTURER, UNITS, PER CENT. Lists sales for Leyland, Vauxhall, Chrysler, Fiat, Datsun, Renault, VW/Audi, and others.

Pressure on profit margins 'worrying'

By Peter Riddell, Economics Correspondent

THE PRESSURE on profit margins for a wide range of domestic industries as well as for exporters is the most worrying feature of the economic position...

Inquiry studies high tax burden on management

BY CHRISTOPHER DUNN

A STUDY of the effects of high tax rates on British management is being sponsored by the Institute of Fiscal Studies. Mr. Dick Taverner, director of the institute, said yesterday that the three-man inquiry team headed by Mr. Brian Reddaway...

Britain's approach to management take to improve the quality of management. This is the only outside post retained by Mr. Edwards...



MR. MICHAEL EDWARDS: Action must be taken if income levels demotivate managers.

Big towns seek more powers

BY DAVID CHURCHILL

PROPOSALS under review at Whitehall for a limited reform of local government organisation after the 1974 changes are supported by the Association of District Councils...

The association, however, acknowledges that there is considerable opposition to any form of change in both Whitehall and among some local authorities...

Police seek Iranian witness

FINANCIAL TIMES REPORTER

SCOTLAND YARD is trying to trace a witness from Tehran in the hope that he will give important last-minute evidence for the Crown in the Iranian arms deal case at the Old Bailey.

Substantial legal issues may arise if Mr. Calcedari does not turn up in time as the prosecution case is virtually over and the defence is expected to open this week.

Pay row rules out expansion scheme

BY NICK GARNETT, LABOUR STAFF

An American-owned engineering company has abandoned a £175m. expansion plan in the North East because of a ten-week pay dispute.

Court order

The factory's 950 hourly-paid workers were laid off ten weeks ago, after imposing sanctions in support of a pay claim which the company said broke the Government's 12-month rule.

Fair wage case may resolve Polish ship row

BY NICK GARNETT, LABOUR STAFF

MANAGEMENT and shop stewards at Swan Hunter believe that a 'fair wages' claim for the company's outfitters, due to be heard in a little over a week, could be a way out of British Shipbuilders' difficulties on the Polish ships order.

The claim has been given priority by the Central Arbitration Committee and has been set for December 16, just a few days before the ships contract is due to be formally signed by British Shipbuilders and the Polish Government.

Endorsed

The Central Arbitration Committee said yesterday that this ruling should not affect the Swan Hunter case, which has been brought under the 1968 Fair Wages Resolution and not Schedule 1 of the Employment Protection Act for workers at Deftaw, a Birmingham company, because of the existence of a nationally agreed minimum wage which the judges said must be the starting point for wage claims.

Pressmen seek to spread provincial strike

BY OUR LABOUR STAFF

Leaders of the National Union of Journalists decided yesterday to call for an extended strike action in the Westminster Press group in support of the six-month closed shop dispute in Darlington.

Chapel to meet

A special meeting of the Westminster Press Group chapel is to take place in London on Friday to discuss the proposed development of the strike. The executive's decision follows rejection by the Darlington journalists last week of a new peace formula put together on the initiative of the National Graphical Association with the help of NUG leaders and Westminster Press management.

Oil revenue could avert new slump, says Benn

By Ray Daffer, Energy Correspondent

BRITAIN COULD face an economic slump with 1980 consequences unless North Sea oil revenue was used on an ambitious programme of public investment and unless employment prospects were improved.

Part-time firemen 'should not work'

BY ALAN PIKE, LABOUR CORRESPONDENT

FIRE BRIGADES UNION leaders regret at the deaths of two young firemen yesterday that their demand for 30 per cent pay increases in spite of lack of TUC support has appealed to other unions to stop part-time firemen working during the strike.

Racialism could cost jobs

By Our Labour Staff

BRITAIN'S third largest union said yesterday that any of its officials or shop stewards who promoted the racist views of the National Front and similar parties could lose their jobs.

Uncompetitive

BY OUR LABOUR STAFF

Mr. Wedgwood Benn said that unless Britain followed the example of other major oil producers, those in the Organisation of Petroleum Exporting Countries and used oil revenue to re-equip industry, the country could eventually find that its manufacturing base was uncompetitive.

Gormley rules out pit worker directors

BY OUR LABOUR STAFF

THE IDEA of worker directors in the coal industry was dismissed yesterday by Mr. Joe Gormley, president of the National Union of Mineworkers.

Post Office money saver

BY OUR LABOUR STAFF

AN AUTOMATIC £8740 energy saving system installed by the Post Office at its trunk switching centre in Reading will recover its capital cost within a year.

Extending ACAS role is key to cutting strikes, says Jones

BY PAULINE CLARK, LABOUR STAFF

MR. JACK JONES, general secretary of the Transport and General Workers Union, called for an extension of the role of the Advisory, Conciliation and Arbitration Service as a key aid to a reduction in the number of strikes.

£3m. life-saver for Yorks. pit

BY OUR LABOUR STAFF

THE GO-AHEAD for a £32m. life-saving plan for Thurgate colliery, South Yorkshire, threatened with closure in 1984 because of lack of coal, has been announced yesterday by Sir Derek Ezra, National Coal Board chairman.

Engineers plan to win Forces

BY OUR LABOUR STAFF

THE EXECUTIVE of the Amalgamated Union of Engineering Workers yesterday decided in London to ask shop stewards on the industrial side of the Civil Service who often work beside Servicemen to 'make approaches' to them as part of a recruiting drive.

Safety guide published

BY OUR LABOUR STAFF

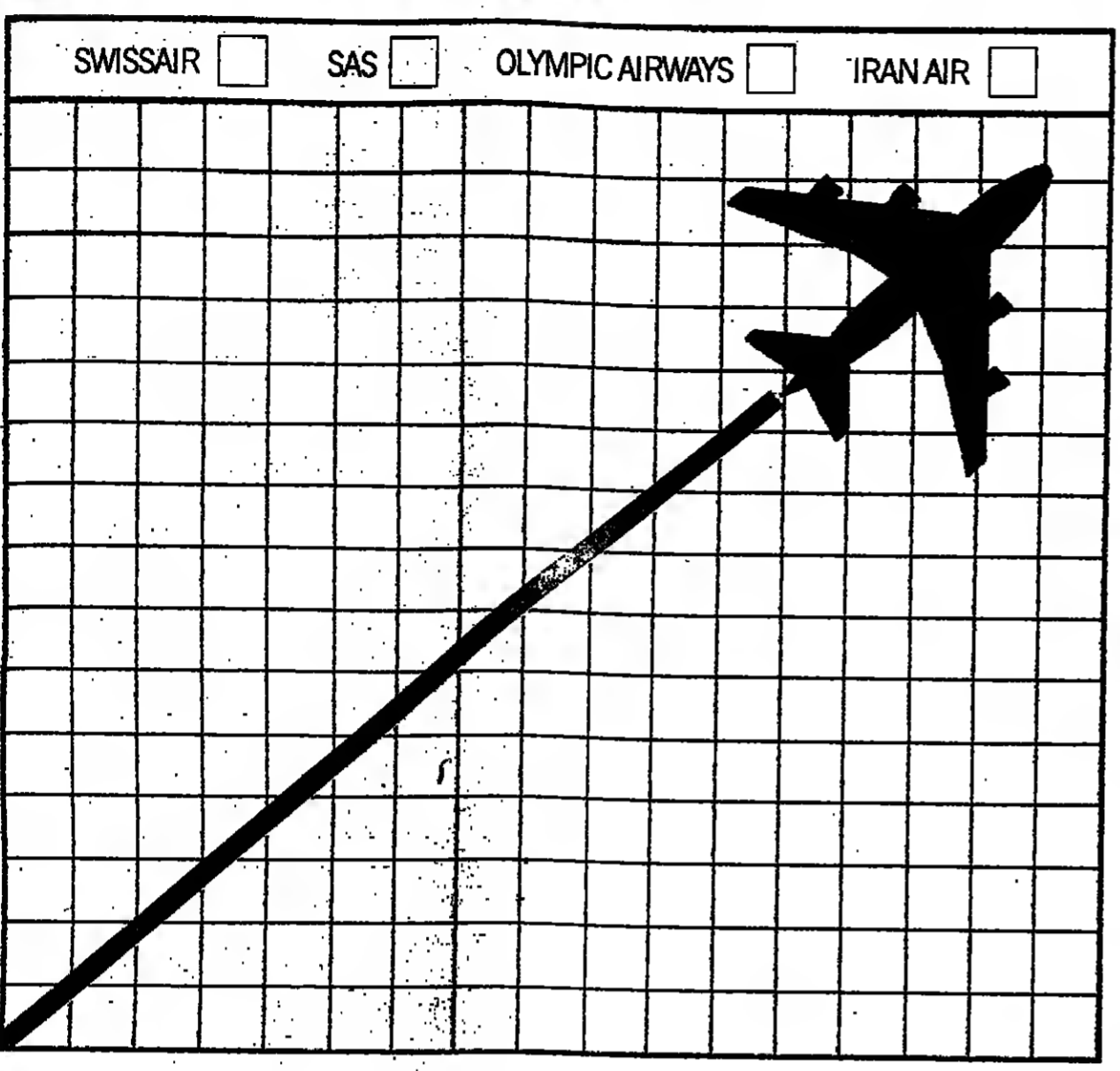
PROPOSED guidelines for employers on giving time off for training of trade union safety representatives were published yesterday by the Health and Safety Commission. The regulations come into force on October 1 next year. A copy of the guide is being prepared for the same date.

Mr. David Warburton

IN AN article yesterday on the split in the chemicals industry over development planning, a comment was incorrectly ascribed to Mr. David Warburton, the national chemicals officer of the General and Municipal Workers Union.

John H. H. H.

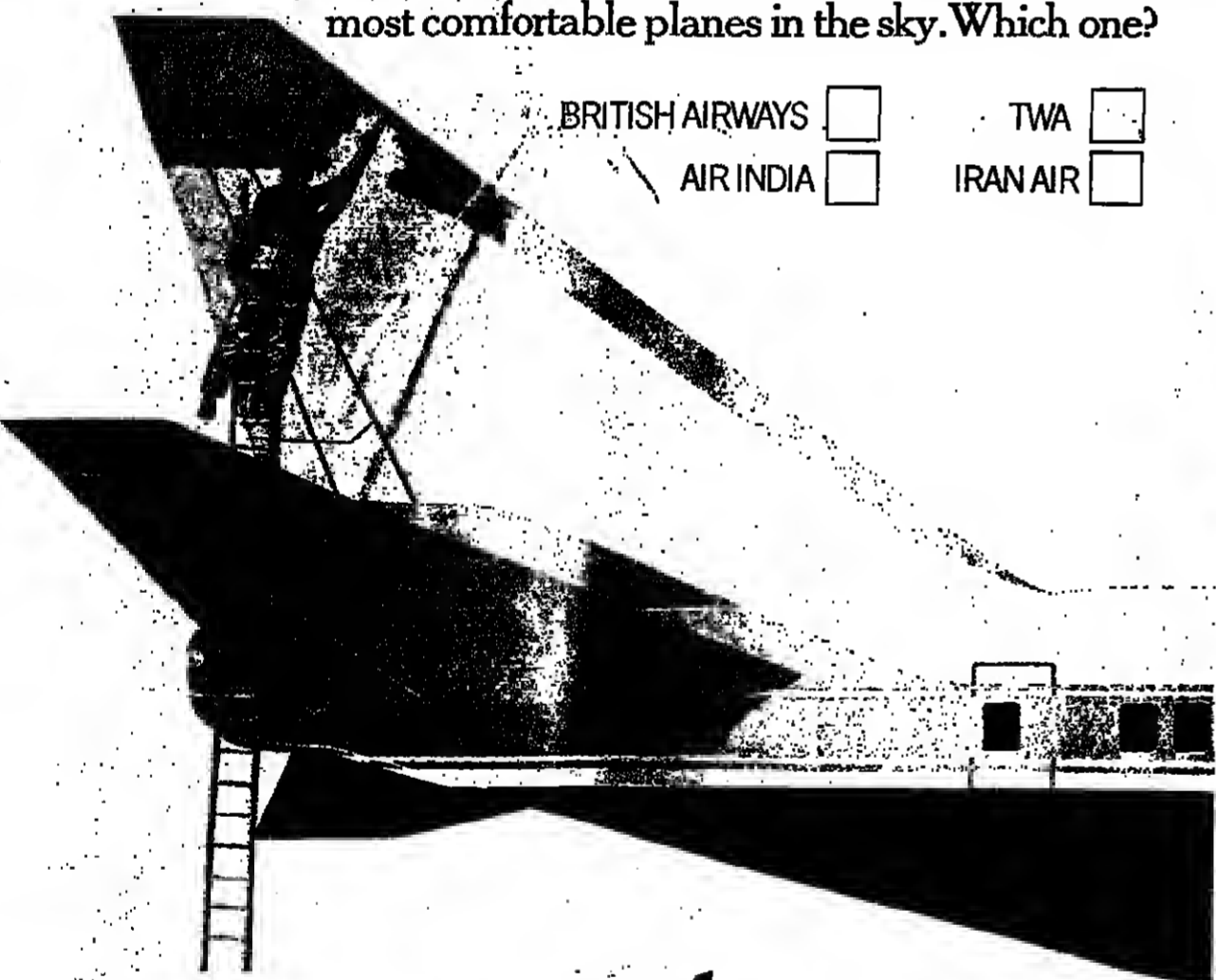
Guess which is the world's fastest growing airline?



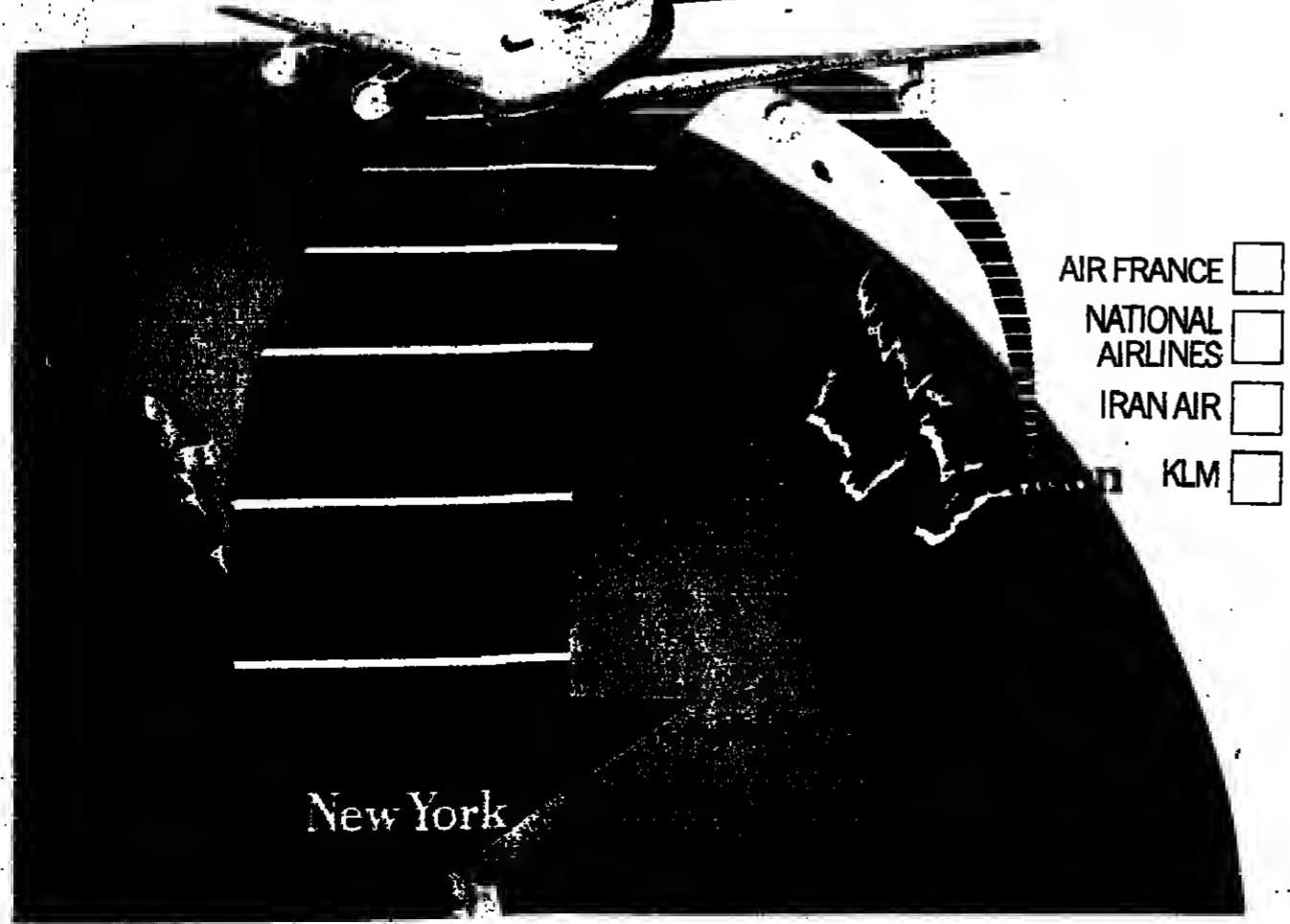
Only one of these airlines flies to London, Moscow, Peking, Tokyo and New York. Which is it?



Only one of these airlines flies the new 747SP, one of the most comfortable planes in the sky. Which one?



There are only six airlines that operate a scheduled service direct between London and New York. Which of these is amongst them?



The world's fastest growing airline, believe it or not, is Iran Air. It really is.

For instance, every year for the past five years we've bought more new planes.

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So that today you can fly Iran Air to any one of twenty seven major cities throughout the world.

Including, by the way, London, Moscow, Peking, Tokyo and New York.

What's more, we're the only airline flying London-New York that can offer you a choice of Jumbos. The latest 747-200B.

Or the new 747SP.

The same plane we fly from New York to Tehran, one of the longest non-stop scheduled flights ever.

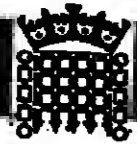
Over 6,200 miles. A distance the 'Special Performer' Jumbo covers with ease.

Because it flies a mile above normal air routes. A mile above the bad weather.

Making it one of the most comfortable planes in the air.

And that's not pie in the sky. It's a fact. Like everything else on this page.





PARLIAMENT and POLITICS

Foot rejects 'Tory catcalls' over Polish shipping order

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT has nothing to hide over the financial details of the £15m Polish shipping order, which has been placed with British yards...

Mr. Foot replied: "I don't believe there is anything to hide in it. I believe the House has wholly accepted it..."

REPERCUSSIONS OF COMMONS VOTE ON CROWN AGENTS Cabinet to study form of inquiry Parliament, its powers and the will of MPs

BY PHILIP RAWSTORNE

THE CABINET is to review tomorrow the form of the inquiry into possible neglect or breaches of duty in the Crown Agents' losses of £212m.



Mr. George Cunningham

department—a body which, incidentally, did not cover itself with glory over the Crown Agents.

BBC external chief tells of two halted broadcasts

BY CHRISTOPHER DUNN

THE BBC has bowed on two occasions in the last 10 years to Government pressure not to broadcast programmes...

Tribute to dead soldiers

DR JOHN GILBERT, Defence Minister of State, yesterday paid tribute to the two young soldiers who died earlier in the day on their way to fight a fire in Manchester.

He told MPs that the two men, one single and the other married with two children, were from the 1st Royal Irish Rangers...

Smith discounts fears of conflict over Scottish Assembly finance

BY IVOR OWEN, PARLIAMENTARY STAFF

PREDICTIONS that finance will become a major source of conflict between the proposed Scottish Assembly and the Government at Westminster were discounted by Mr. John Smith, Minister of State, Privy Council Office...

Bill on company secretaries

By Margaret Reid

A PRIVATE Member's Bill providing for the professional qualification of company secretaries is being introduced in the Commons today by Mr. John Cockerill, Conservative MP for Northwich.

Nagging

But, lest the self-congratulation at Westminster becomes too cloying, let us hope that what Mr. Cunningham had to say on Monday when he identified not Whitehall, the City or any other of Labour's cherished punching-bags but the Commons itself as one of the main villains of the piece.

It is a pretty abject story as he tells it and one which merits being recounted in some detail.

Race prosecutions call

AN MP URGED yesterday that Prosecutions, under the 1976 13 university or polytechnic Race Relations Act...

APPOINTMENTS

Mr. James Forbes has been appointed a senior executive director of TATE AND LYLE. He will be a member of the group...

Tate & Lyle senior finance executive

Mr. Nicholas F. Vale has been appointed managing director of CAMERON IRRIGATION COMPANY. Mr. Peter Van de Pol has been appointed chairman of the executive committee of the BRITISH BANKERS' ASSOCIATION...

Post Office to issue new stamps

NEW STAMPS for Scotland, Wales and Northern Ireland will be issued by the Post Office on January 28. They will be in values of 7p and 9p and 10p for letters to Europe.

Amnesty total

MORE THAN 1,600 illegal immigrants from the Commonwealth and Pakistan have been allowed to stay in Britain under the amnesty announced three years ago.



King George's Fund for Sailors looks after them all

In this Country of ours, there is no-one who is not connected with the sea. Half the food we eat comes from across the sea. Many thousands of us, our relatives or friends are past or present members of one of the sea-faring services...

Advertisement for Societe Financiere pour les Telecommunications et l'Electronique S.A. featuring STET and a \$50,000,000 investment.

John Hunt

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November 7 1977
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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

RESEARCH

Advance promised in information storage

EXPERIMENTALLY, research staff at IBM's San Jose centre in the U.S. have built a tiny unit which can store some 5m. bits of information per square inch, or four to five times as much as currently available units of the same general type.

The family is called bubble memories, based on the fact that they store information through the presence or absence in a thin sheet of garnet of tiny cylinders of magnetism—"bubbles."

The advance scored by IBM is to reduce the required separation between the bubbles to about 1.5 microns, or very much less than the four to five bubble diameters—up to 25 microns—of today's devices.

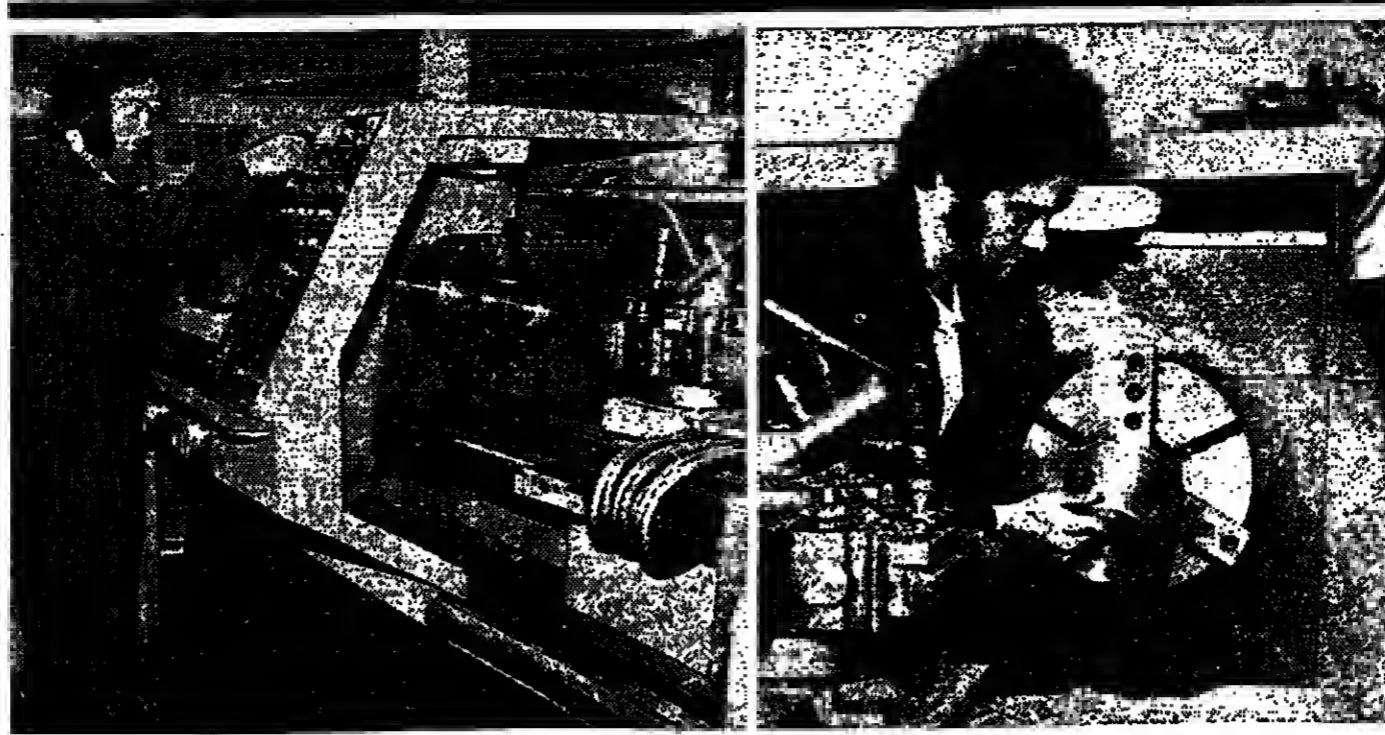
Different is the way in which the information is sensed since in the IBM device the bubble is always present, the domain wall around each bubble providing the "yes" or "no" signal required. The experimental device stores

only 1024 bits—a bubble memory recently marketed by Texas stores 64 k-bits—but since many market observers seem to think that bubble memory has a considerable future, the IBM development is of considerable importance, even though San Jose described the work as building a device to seek a fundamental understanding of the bubble lattice technology.

A totally different approach to information storage is the basis of a low-cost charge-coupled device serial memory put on the market by Plessey. It is a 64 kbyte single card memory with high packing density, low power consumption and is the first of a new series of memories in this technology.

Intended specifically for use with fast microprocessors, the unit can run at speeds up to 64m. bits per second data rate.

Further details from IBM at San Jose, Calif., U.S. Plessey Microsystems on Towcester (0327) 50312.



At the Wolverton works of British Rail Engineering faster set-up and throughput times, reduction of work handling, and higher labour utilisation are some of the advantages gained since the installation of the works' first NC lathe, a Hydro 540. A typical example is the complicated shape of a multi-strand V-belt pulley. On the left the component is shown in the chuck about to be machined, while on the right the operator is removing the finished pulley. This component previously took

ten hours to machine, but can now be completed in four hours. Other examples include a thrust pad on which machining time has been cut from 45 to nine minutes and a tapered screwed spigot. Machined from 63mm dia. billets, the latter previously took seven machining operations on three different lathes, and a total of 60.5 minutes—the Hydro the work is completed in two operations in 9.2 minutes. BR says that machine utilisation of 80 per cent is regularly being achieved. This lathe was chosen to carry out small batch

work, with chuck loading and bar feed facilities up to 80mm, and 1,500mm between centres. The Wolverton factory, primarily a repair works, produces a wide range of ferrous and non-ferrous components ranging from nuts and bolts to axleboxes and bearings, and previously relied on automatics, which proved unsatisfactory for small batches and general versatility. Details of the NC lathe from Hydro Machine Tool Company, Colchester Road, Halstead, Essex CO9 2EU (07874 5121), a 600 Group company.

RETAILING

Developing electronic weighers

CLOSE collaboration between an electronics instrument group on the one hand and weighing equipment experts on the other has resulted in the development of a price-computing weigher for the retail industry.

Gould Advances is supplying the electronics and Herbert and Sons the hardware and assembly support and the former has already taken £1m. worth of orders for the electronics alone.

Lion 3900 automatically weighs, computes and displays the price in under a second. Automatic totalisation of up to 99 individual weighings is available and metric/Imperial conversion is simple.

Unit pricing is available up to £9.99 per lb or no to £99.99 per kilo and operation is from

mainly or from batteries. Centre of the unit is a two-chip microprocessor set designed in collaboration between Gould and General Instrument Microelectronics. Interface with the weighing machine mechanism is through an optical shaft encoder.

Eleven number keys are used to enter the price per unit weight. Other keys are available for functions such as clear display and so on.

Gould is developing similar systems with other makers of weighing equipment.

Gould Advance on 01-500 1000. Herbert and Sons on Haverhill 3551.

HANDLING

Discharging bulk loads

DEVELOPED BY the Hallico Manufacturing Co. of Tillamook, Oregon, U.S., is a system claimed to be capable of unloading a bulk cargo from a 40 feet trailer in as little as 12 minutes.

Basic of the system is a "walking floor" consisting of bodies which cannot be lifted for hydraulically operated aluminium slats. When the cargo, such as grain, is to be unloaded, the slats move out several inches from the tail of the trailer, and shift the load.

The slats then return in sequence to their starting position. Every third slat moves in unison, while the remaining pairs stay motionless. The load drops

from the slats as they retreat. The process is repeated until the load is completely discharged. The system can be used in reverse for loading.

The technique has been designed for truck and trailer bodies which cannot be lifted for unloading, and has so far been installed in lengths up to 50 feet.

According to Hallico, the system has further potential in industrial plant, for applications such as floor level conveyors and metering systems.

The extruded aluminium slats used are supplied by Kaiser Aluminium, while the remaining pairs are made of U.K. office on 01-437 9777.

MATERIALS

New high duty alloys

PRIMARILY IRON, nickel and cobalt-based, a range of high duty alloys that can be melted and cast in air, has been launched by the Superalloys Division of Union Carbide U.K., Stapley Street, Glossop, Derbyshire SK13 9SA (04574 4361).

The company says it currently supplies about a third of the U.K. market for vacuum induction melted casting alloys, representing an annual turnover of around £25m., and introduction of the new alloys will extend its range into general engineering for the manufacture of heat and corrosion resistant components made by investment casting.

Union Carbide says that the U.K. air melt alloys market is some three times the size of that for vacuum melt alloys, which are used for high duty applications in the aerospace and marine industries. Compared with European practice, applications for the investment casting process are about double in the U.S., which is an equivalent sized market, and the company therefore considers a rapid expansion in the use of the process is likely on the Continent.

The new alloys are being made by the Granite Group Foundries Division at Crewkerne, Somerset, under the technical supervision of Union Carbide. The alloys are available either as cast round bar 1 1/2 inches diameter x 12 inches long, or as

Keeps down the dust

SEALER for floors and walls which eliminates dust on varied cementitious and asbestos surfaces with little detracting from the natural appearance of the substrate is based on a polyacrylate copolymer emulsion.

It forms a clear resilient film which improves abrasion resistance and is resistant to many oils, fats, alkalis and mild acids.

The material cost can be as low as 9p per square metre. Providing the surface is sound and dry little or no preparation is required.

Because the coating cures fast large areas of floor may be sealed with two coats in one day and put into use the next. Application is by brush, roller or squeegee and tools may be cleaned out with water after use.

Quantiplas, Wetherby, West Yorkshire, LS23 7BZ. Boston Spa (0973) 843413.

COMPUTERS

Preparing for a giant

BURROUGHS has added an important facility to its large-scale computer systems with the announcement of the attached Fortran processor, or AFP. Fortran is a widely used programming language for computer applications in science, engineering and research.

AFP can be linked to any of Burroughs B 6800, B 6700, B7900 or B 7700 general purpose computers to expand their Fortran processing power and it can execute Fortran programs at up to ten times the speed of the B 6807, for instance.

The world market for the AFP includes business companies, universities, research centres and government organisations. Many of these have general purpose computers for central processing, data communications, distributed network operation, and data base management, but employ other computers or outside computing services for mathematical applications.

The design of the attached Fortran processor will enable users to expand to the Burroughs Scientific Processor (BSP) without reprogramming. The more powerful BSP is in the super-computer class and will be described in detail early next year.

This machine will have over 30 times the power of the AFP. Further from Burroughs on 01-750 6922.

PUBLISHING

Broadcasting the news

LAST WEEK'S IFRA conference in Vienna on electronic information media was evidence not only of widespread interest among European newspaper publishers in the potential of "screen newspapers" and data banks, but also of the intensely political atmosphere surrounding teletext development in Germany and of the technical and operational lead which Britain still has in this field.

The 220 delegates from all over Europe were treated to a colourful display of the charms of the U.K. Post Office's Viewdata system, live over the international telephone lines, and were only prevented from seeing the rival charms of ITV's Oracle by the industrial dispute at the British end, so that they had to make do with slides and a description. Nevertheless, these were the only two active teletext systems on show apart from the closed circuit "street newspaper" edited and continually updated by a team of British and German journalists on a Philips test display system for the education of delegates.

The French Post Office is competing with three different versions of teletext, under the code names of Antiope, Tit-tac and Titan, all of them at this stage peculiar to the French, while the German Post Office has basically bought the British Viewdata system. But its market trial will not be held until 1980, some two years after the U.K. market trial opens towards the middle of next year.

COMPONENTS

Pressure valves

MUCH OF the piping and screwed fittings normally needed in port connections when mounting control valves on hydraulic pumps and motors have been eliminated in the Flange Module pressure valves launched by Abex Denison.

Pressure controls are first on the market, and three sizes are currently available: 1 inch (35 gal/min); 1 1/2 inch (50 gal/min); and 2 inch (100 gal/min) these match GAE waste pumps sizes B, C and D. Maximum operating pressure is 3,000 psi.

The new units are made with bolt holes passing completely through the body, on the same centres as an SAE flange, so that several different units can be held together by one set of long bolts. Rubber O-ring seals are used to prevent leakage at the mating surfaces.

A typical compact control unit can be assembled by bolting together a check valve, pressure relief valve and flow control valve, directly to the discharge side of a pump—producing a smaller, lower weight, unit than conventional designs.

The pressure controls in the range are available for relief, sequencing and unloading. A check valve is also available. Flow controls will be introduced in a few months.

More from the maker at Victoria Gardens, Burgess Hill, Sussex RH15 9ND (04465 5121).

PROCESSES

Sheets bent five ways

MADE IN Italy by Salvagnoli Trasferica, of Vicenza, is a sheet metal panel bender which can automatically produce up to five different bends per side on all four sides of rectangular panels. Each side can have a different bend pattern.

Pre-notched sheet is placed in the loading table. It is then centred and fed to the bender, and when the panel is complete it is automatically discharged.

Changing the bending pattern takes about 20 minutes, making the machine suitable for small and medium batches. Production rate depends on the number of bends, but is normally between 80 and 90 parts/hr.

Maximum panel size is 2,000 x 1,000 mm, and minimum is 450 x 250 mm. Further details from Lomir International, Whitchurch, Ross-on-Wye, Herefordshire HR9 6DJ (060651 777).

TEXTILES

Wealth of data made available

SHIRLEY Institute has an agreement with Lockheed Missiles and Space Company, Inc., California, U.S., for the entry of the Institute's research into the field of related literature in Lockheed's dialog computer-based information network. This is being developed by Lockheed for "on-line" usage world wide and was recently offered in Britain.

Shirley's magnetic tape recorded data base has been compiled with the assistance of two U.K. sister research associations, Matrix and WIL, formed in 1970 and which are currently supplied to organisations in Europe and the U.S. for use in internally operated computer-based information systems. The agreement with Lockheed extends its use for the first time into the area of "on-line" services whereby terminals connected to the public telephone system throughout the U.S., Europe, and elsewhere enable information seekers to search directly a large computer-mounted collection of data bases on most subjects cited in California, U.S.

The development of information systems and services has been conducted at the Shirley Institute under the leadership of Mr. R. Chamberlaine of Winstow, Cheshire who is Head of the Institute's Library and Information Department. In 1976 he was the recipient of the Professor Stanley Backer Award for outstanding contributions to textile information science, an award made by the Textile Information Users' Council of the U.S.

Dr. Ken Ellis of Marple, Cheshire, has been responsible for the computer programming and systems development work using the National Computing Centre's ICL 1905 F computer in Manchester.

Shirley Institute, Didsbury, Manchester M20 8RX. 061 445 5141.

Talk to Burroughs about small computers that provide large system benefits.

They can do a lot for your organization!

- These systems are the smaller members of Burroughs "800" family of computer systems, a family which extends all the way to the very large B 7800. However, the B 80 and B 800 are designed to uniquely meet the needs of both the smallest and largest organizations.



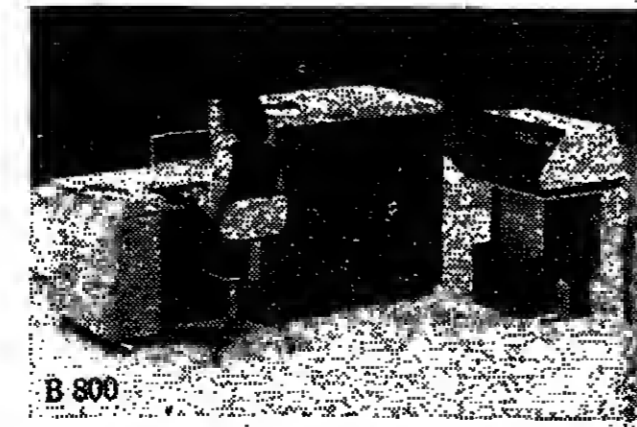
B 80

- The B 80 and B 800 economically provide large computer features which automatically control all system resources, relieve your operator of dozens of tasks required by other manufacturers' computers and speed the workflow.

- Burroughs Business Management System program products let the B 80 and B 800 begin work soon after they arrive in your office. BMS® application programs are available for practically every type of organization, provide fast and comprehensive management information, and are especially important to those usually not employing a professional programming staff.

- The B 80 and B 800 can grow easily and economically with your needs since they offer data communications capabilities and employ a broad, common range of printers, magnetic storage units and other peripheral products.

- Should your needs grow further, you can change your system and continue to use the high-level programming languages as on the B 80 and B 800. This commonality also extends to operating procedures, and together they contribute to Burroughs consistently maintaining high customer loyalty.
- The B 80 and B 800 satisfy larger organizations seeking to decentralize or distribute data processing power within their operations. Reports are available for immediate action at local or regional levels and, through data communications networks, headquarters management can receive the information needed for overall operations analysis and control.
- The systems are supported by Burroughs field engineering, systems analysis, design teams and Customer Support Centers located throughout the world.



B 800

Large or small, talk to Burroughs about B 80 and B 800 computer systems—they can do a lot for your organization!

For information, contact your local Burroughs office.

Burroughs

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Carruthers MONOBOX cranes lift loads in virtually every country of the world.

Just about anything you can think of up to 200 tonnes in weight has come under the Carruthers gantry. Pipes, metal fabrications, cable, scrap, sheet glass, you name it, it's been moved by Carruthers. Or it could be—with tailor-made equipment.

Hooks, grabs, magnets, vacuum gear... there's a wide range of specialised tackle available to lift almost anything.

Probably the most important factor behind Carruthers' success story is the outstanding design. The award-winning MONOBOX, a single welded box girder structure, is outstandingly effective and impressively reliable. The MONOBOX range is, quite simply, a world leader.

The day will come when you'll need some crane knowledge. And when it does it'll pay to keep the best name in mind—Carruthers.

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IF YOU SMELL GAS-RING US

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- * Don't smoke or use naked flames.
- * Don't operate electrical switches—on or off.
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- * Then check that you haven't left the gas on and unlit—or that a pilot light has not gone out.

If you suspect a gas leak, turn off the supply at the meter—and report the leak. Do this at once.

The number's in the telephone directory under Gas—and we're on call 24 hours a day.

We'll come quickly and deal with the problem. And if you smell gas at work or in the street, please report it at once. Don't leave it to someone else.

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Ask at your local gas showroom for our free booklet "Help Yourself To Gas Safety" which describes the full range of services we provide.

BRITISH GAS





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Some of the things Avis, Hertz and Godfrey Davis say about us are unprintable.



One can't blame them. How would you feel if your fastest-growing competitor could compete like this:

Taken from current tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1100L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p)	£4.95 (5½p)	1.3 GL model £4.95 (6p)
 FORD CORTINA 1600L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p)	£6.25 (6½p)	£7.00 (8p)
 FORD CORTINA ESTATE 1600L OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p)	£8.25 (8½p)	GL model £11.00 (11p)
 FORD GRANADA GL OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p)	£12.50 (13p)	GL model £19.00 (19p)

Compare them and see how much you can save with Swan National.

Figures like these talk. Their message is vast savings for any company renting cars from us.

Now. Who are we and how are we able to offer rates like these?

Swan National is a British Company. We're five years old, and growing faster than any of the others.

Already, we're big. We have 70 locations around the country, sensibly-sited to get your car to you fast, wherever you may be. Each operates our one-way rental system at no extra charge.

Our fleet of fine cars for short and long term rental is possibly the largest in the land.

Ever since we began, we've been careful about overheads, putting our resources where they matter most to give you a better car, a better service, a better deal.

In a word, we're businessmen. So good businessmen are switching to us, and our competitors are gnashing their teeth.

If you'd like to know more, ring Tony Grimshaw on 01-995 9242. Ask him about volume discounts, long term leasing, and van rental. About credit arrangements, and our InterRent link-up in 33 countries. About the range of cars we offer and the high standards we work to.

It's all very good news indeed. And, of course, ask him about money.

That's the best bit.

SWAN NATIONAL



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December 7 1977
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BRITISH GAS

This document contains particulars given in compliance with the regulations of the Council of The Stock Exchange for the purpose of giving information to the public with regard to Henry Sykes Limited ("the Company"). It is not an invitation to anyone to subscribe for or purchase any shares in the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which makes any statement herein misleading. Application has been made to the Council of The Stock Exchange for the issued Ordinary shares of the Company to be admitted to the Official List.



Henry Sykes Limited

(Incorporated under the Companies Act 1948 and registered in England—No. 364784)

Introduction

arranged by
Industrial and Commercial Finance Corporation Limited

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Arran Bank, 4 Brook Street, Tonbridge, Kent.
RONALD VICTOR PRICE,
Cragg Wood House, Horsted Keynes, Sussex.
GEOFFREY WILFRED SCARLETT, F.C.A.,
Oak Tree Cottage, Burney Road, Westhumble, Ockendon, Surrey.

Secretary and Registered Office

ALEXANDER FRANCIS POTTS, F.C.A.,
Sykes House,
445 Woolwich Road,
Charlton,
London SE7 7AP.

Bankers

NATIONAL WESTMINSTER BANK LIMITED,
Borough Branch, 34 Borough High Street,
London SE1 1YA.

Brokers

CAPEL-CURE MYERS LIMITED,
Bath House, Holborn Viaduct,
London EC1A 2EU
and The Stock Exchange.

Solicitors to the Company

SLAUGHTER AND MAY,
35 Basinghall Street,
London EC2V 5OB.

Solicitors to Industrial and Commercial Finance Corporation Limited

LINKLATERS & PAINES,
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

Auditors and Reporting Accountants

OEOLETTE & CO.,
Chartered Accountants,
P.O. Box 207,
128 Queen Victoria Street,
London EC4P 4JX.

Registrars and Transfer Office

DELOITTE & CO.,
Bourne House,
34 Beckenham Road,
Beckenham,
Kent BR3 4TU.

Trustees for the Unsecured Loan Stock

THE NORWICH UNION LIFE INSURANCE SOCIETY,
Trustee Department,
P.O. Box 4, Surrey Street,
Norwich NR8 8BA.

Share Capital

Authorised	Issued and fully paid
£	£
100,000	in 7½ per cent. (now 5½ per cent.) Cumulative Redeemable Preference shares 1979/84 of £1 each
3,750,000	in Ordinary shares of 25p each
£3,850,000	£2,232,695

Loan Capital and Other Indebtedness

	£
The Company: 9 per cent. unsecured loan stock 1987/89	550,000
Bank loans (secured):	
Sterling	850,000
French francs	564,812
	1,964,812

Subsidiaries:	£
9½ per cent. secured loan	225,000
8½ per cent. secured loan	9,787
9½ per cent. secured loan	30,000
11½ per cent. secured loan	47,000
Bank loan (unsecured)—French francs	56,481
	£2,333,080

In addition, at the close of business on 18th November 1977 the Company and its subsidiaries ("the Group") had outstanding secured and unsecured bank indebtedness of £533,875 and £22,987 respectively, had entered into guarantees in respect of the bank indebtedness of associated companies not exceeding £337,598 and had contingent liabilities in respect of bills discounted amounting to £47,660 and performance and tender bonds amounting to £1,128,504.

Amounts in foreign currencies have been translated into sterling at the rates of exchange ruling at the close of business on 18th November 1977.

Save as aforesaid and apart from intra-Group transactions neither the Company nor any of its subsidiaries had outstanding on 18th November 1977 any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other material contingent liabilities.

HISTORY AND BUSINESS

Introduction

The Company was incorporated as a private company on 23rd November 1965 under the name Sykes, Lacy-Hulbert Limited and was converted into a public company on the following day in order to effect a merger of Sykes Pumps Limited, then known as Henry Sykes Limited, and Lacy-Hulbert & Company Limited. The merger, which was accomplished by means of a share exchange, became effective soon afterwards. The Company and Sykes Pumps Limited adopted their present names on 28th November 1973.

Since the merger, the policy of the Company has been to develop the markets established by its main operating subsidiaries, particularly overseas, and to acquire other businesses with products complementary to those of the Group.

The Company, which acts solely as a holding company, has the following main United Kingdom operating subsidiaries:

Sykes Pumps Limited ("Sykes Pumps")

The business of Sykes Pumps dates back to 1857 when the founder, Henry Sykes, came from Yorkshire to London to set up an engineering concern which is believed to have been among the first to specialise in the hire of portable steam engines and other equipment to building and civil engineering contractors. It was incorporated as a limited company in 1897 and subsequently began to manufacture pumps and winches, the hire and sale of which had by the 1930s become the mainstay of the business.

Over the last 25 years, Sykes Pumps has developed a range of self-priming pumps from 2" to 12" diameter outlet which have powerful suction characteristics and are marketed under the trade names "Univac" and "Velovac". These pumps, most of which are powered by Lister diesel engines, are capable of handling fluids, solids and slurries under the most arduous conditions; their manufacture, sale and hire now account for the bulk of Sykes Pumps' business. It also manufactures a range of winches which was broadened in 1976 by the acquisition of Thompson Bros. (Engineers) Limited.

Sykes Pumps' products are manufactured in factories located at Charlton in South East London and Coleford in Gloucestershire. It also markets a wide range of electro-submersible pumps manufactured outside the Group.

The hire fleet comprises approximately 2,800 units, consisting mainly of pumps, but also including a number of powered winches.

Active customer accounts exceed 5,000 and include the main U.K. civil engineering contractors, local and water authorities, petro-chemical companies, the National Coal Board and other concerns engaged in the mining industry. In addition, sales of pumps are made to other plant hire companies. No single outside customer accounts for more than 10 per cent. of total turnover. Sale and hire business is conducted from 35 depots, spread throughout England and Wales, which also provide an after-sales service. Scotland and Ireland are covered by three associated companies referred to below.

Sykes Pumps is constantly carrying out research and development so as to effect improvements to the performance of its products and to meet the needs of new markets.

Lacy-Hulbert & Company Limited ("Lacy-Hulbert")

Lacy-Hulbert, which was established in 1961, manufactures pneumatic equipment for the construction and processing industries and its products include a wide range of rotary and reciprocating vacuum pumps and air compressors most of which are sold under the trade name "Boreas". It is the sole supplier of vacuum pumps for incorporation into the Sykes Pumps range, and these account for approximately 20 per cent. of production. The remainder of its output is marketed through representatives in the U.K. and through distributors abroad.

Lacy-Hulbert's products are supplied to a wide variety of users, including manufacturers of non-petroleum liquids and gases, and in recent years the company has extended its interest in the medical field by the supply of vacuum and compressor plants for use in hospitals.

Sykes Construction Services Limited ("SCS")

SCS was incorporated on 31st December 1971 for the purpose of taking over the activity of wellpointing previously carried on by Sykes Pumps. Wellpointing is the process of lowering the ground-water level by inserting perforated tubes, known as wellpoints, into the ground and connecting them to pumps through pipe work systems. SCS is also a specialist contractor in motorway drainage and deep well drilling, and has established a range of services to the construction industry including the provision of equipment for the on-site pumping of concrete.

Whitehead Harbormaster Limited ("Whitehead")

Whitehead was acquired in July 1975 and manufactures industrial outboard marine propulsion units, giving a high degree of manoeuvrability, with engine capacities from 50 h.p. to 250 h.p. These are fitted to in-shore and river craft such as barges and ferries, and are marketed through distributors. Ultimate customers include harbour and governmental authorities. In 1976 some 36 per cent. of sales were directly exported to countries in the Middle East, with other overseas sales accounting for a further 42 per cent. of the total. This export achievement has been recognised by the Queen's Award for Industry 1977. Whitehead is also engaged in sub-contract engineering both for the Group and for outside customers.

The Company also has the following overseas operating subsidiaries:

Khanshabeh-Sykes Limited ("Khanshabeh")

Khanshabeh commenced trading in March 1976 and operates in the United Arab Emirates as Sykes Pumps' distributor in that area. This company, which also successfully operates a pump hire fleet, has shown rapid development and is supplying equipment for many major contracts in the territory.

Pompes Sykes S.A. ("Pompes Sykes")

Pompes Sykes was incorporated in France in November 1976 to acquire from Richier S.A. the assets and goodwill of its pump business.

The primary activity of the business is the manufacture and distribution of recirculating self-priming pumps. The business is located near Paris and the products are distributed throughout France. Some 20 per cent. of its sales are for export.

Pompes Sykes' most important customers are engaged in the construction industry and the pumps it manufactures are broadly complementary to the Sykes Pumps range.

The following are associated companies of the Group:

Hawden-Sykes Pumps Limited became an associate in December 1971 and is owned by the Group and Hawden-Stuart Plant Limited. It is the sole distributor for Sykes Pumps in Scotland and hires and sells pumps from depots throughout that territory.

Sykes Pumps (N.I.) Limited was formed in December 1976 as a joint venture with John Gresham (Dromore) Limited and acts as the sole distributor for Sykes Pumps in Northern Ireland, as well as operating a hire fleet in that territory.

Terra Sykes Pumps Limited became an associate in March 1977 and is owned by the Group and Terra Limited. It was formed to acquire the businesses previously carried on by a former subsidiary, Sykes Pumps Ireland Limited, and a former subsidiary of Terra Limited. The company acts as distributor for Sykes Pumps and operates a hire fleet from depots in Dublin and Cork.

Sykes Bess Dewatering Company W.L.L., a joint venture with two Bahrain partners, was recently registered in Bahrain, in which area most construction projects require the lowering of the ground-water level.

GEOGRAPHICAL ANALYSIS OF SALES

The following table gives the geographical analysis of Group sales, including hire revenues, for the years ended 28th December 1976 and 28th December 1975:

	1976		1975	
	£'000	%	£'000	%
EEC countries excluding the United Kingdom	636	4	582	5
Africa	448	3	359	3
Middle East	2,074	14	608	5
Far East and Australasia	493	3	374	3
North America	141	1	170	2
Indirect exports	1,103	7	429	4
Total overseas	4,895	32	2,532	22
United Kingdom	10,315	68	9,090	78
	£15,210	100	£11,622	100

MANAGEMENT AND STAFF

Directors

Mr. A. E. Hepper, aged 54, was appointed Chairman in 1972. He joined the Group as an executive director at the end of 1971, having held senior management appointments within both the private and public sectors of industry. He is a non-executive director of Cape Industries Limited.

Mr. G. E. Thompson, aged 52, joined the Group in 1971 and has been an executive director of the Company since 1972. He was appointed managing director in 1979 and is also executive chairman of Sykes-Pumps. He has wide experience of the engineering industry both in management and as a consultant.

Mr. J. A. Farmer, aged 37, joined the Group as chief accountant in 1973, was appointed finance director in 1974 and since November 1975 has been the director in charge of overseas operations.

Mr. R. A. Green, aged 54, has spent all his working life in the service of the Group. He has been an executive director since 1972 and is managing director of Sykes Pumps.

Mr. P. J. Madge, aged 43, joined the Group as finance director in 1976. His previous experience included financial appointments in the electronics, engineering and paper industries.

Mr. J. W. Llewellyn-Jones, aged 63, is a non-executive director and a practising Chartered Accountant. He joined the board in 1973.

Mr. R. V. Price, aged 64, joined the board as a non-executive director in 1974 prior to which he was a full-time management consultant. He is a non-executive director of Inbucon/AIC Management Consultants Limited.

Mr. G. W. Scarlett, aged 65, is a non-executive director and joined the board in 1972. He is a non-executive director of Industrial and Commercial Finance Corporation Limited, having been its general manager until his retirement last year.

The Chairman and all the executive directors have service agreements, details of which are set out under "General Information" below.

Senior executives

The most senior executives below main board level comprise the directors and managers of the operating subsidiaries, many of whom have spent at least 10 years with the Group and the majority of whom are qualified engineers or have other professional qualifications or degrees.

Employees

The Group employs some 1,500 people, of whom about 70 are employed overseas.

The Group recognises that future expansion requires high technical and administrative competence, and attaches importance to apprentice and management training by means of internal and external courses. The apprentice training scheme has been particularly successful in developing skilled craftsmen, a number of whom have remained with the Group for many years.

ACCOUNTANTS' REPORT

The following is a copy of a report by Deloitte & Co., Chartered Accountants—

The Directors,
Henry Sykes Limited,
Industrial and Commercial Finance Corporation Limited

128 Queen Victoria Street,
London, E.C.4.

5th December 1977

Gentlemen,

We have examined the audited accounts of Henry Sykes Limited ("the Company") and its subsidiaries and associated companies for the periods relevant to this report. The Company and its subsidiaries are referred to as "the Group" in this report. All the subsidiaries have been wholly owned throughout the relevant periods except as follows:

- Whitehead Harbormaster Limited, together with its subsidiaries, Harbormaster Limited and Langham Works Limited, was acquired in July 1975 in exchange for the issue of 194,701 fully paid Ordinary Shares in the Company, and its results are included from that year onward.
- Khanshabeh-Sykes Limited was incorporated in the United Arab Emirates on 3rd March 1976, and its results are included from 1976 onward.
- On 1st October 1976 the Group acquired the whole of the issued share capital of Thompson Bros. (Engineers) Limited, which manufactures, at a total cost of £340,000, and its results are included from that date.
- In November 1976 a French subsidiary, Pompes Sykes S.A., was formed to acquire an existing pump manufacturing and distribution business. The cost of acquisition, including registration taxes, was Fr.Fcs. 5,520,000 (then equivalent to approximately £650,000) and was financed by French franc term borrowing. This company's results for the period 1st December 1976 to 28th June 1977 are included in the Group profit for the 26 weeks to 28th June 1977.
- Sykes Pumps Ireland Limited was incorporated in the Republic of Ireland in 1975, as a wholly-owned subsidiary of Sykes Pumps Limited. In March 1977 this subsidiary was transferred to Terra Sykes Pumps Limited in consideration for a 50% holding in that company. Up to that date results have been included herein as a subsidiary. The results of Terra Sykes Pumps Limited have not been included, owing to their insignificance in relation to the Group results.
- On 22nd July 1975 the Group sold Sykes Pumps Inc., a United States based subsidiary, and this company's results have been included up to that date.
- On 6th October 1976 the Group disposed of its 100% holding in N.V. Sykes S.A., a Belgian subsidiary, the results of which have been included up to that date.
- On 24th November 1976 the Group contracted to sell its 33½% interest in Henry Sykes Pumps Australasia Pty. Limited for a cash sum of £440,000. The Group's share of its results has been included as shown in profit and loss account note (d).

1. REPORT ON FINANCIAL INFORMATION

The information set out below is based on the audited accounts of the Group, after making such adjustments as we consider appropriate. The accounts of the Company and its subsidiaries have been audited by us or by our associated firms. The accounts have been prepared on the historical cost basis, modified to include the revaluation of certain assets, and in accordance with the appropriate accounting standards applicable to any part of the accounting periods dealt with herein.

In our opinion the information gives, on the accounting basis stated above, a true and fair view of the profits of the Group for the five years and six months ended 28th June 1977 end of the source and application of funds for the year ended 28th December 1976 end for the six months ended 28th June 1977, and of the state of affairs of the Company at 28th June 1977 and of the Group at the balance sheet date at the end of each of the years 1971 to 1976 and at 28th June 1977.

2. ACCOUNTING POLICIES

2.1 Basis of Consolidation

The annual accounts of the Group have been made up for fifty-two week periods to the end of December each year and interim accounts have been made up and audited for a period of twenty-six weeks to 28th June 1977.

The table of results and summarised balance sheets incorporates the accounts of all subsidiaries for each relevant period or since incorporation or acquisition or until disposal. The accounts include the Group's share of the post-acquisition profits of all material associated companies.

Rates of Exchange

All assets, liabilities and trading results of overseas companies and foreign currency balances have been translated into sterling at the appropriate rates of exchange ruling at each accounting date. All profits or losses arising on exchange have been taken to profit and loss account.

Depreciation

No depreciation is charged on freehold properties with the exception of permanent plant installed therein. It is estimated that depreciation on such properties on the basis of a 40 year life calculated on cost or valuation, as appropriate, would not have exceeded £50,000 in any of the full years under review.

The rates of depreciation used for fixed assets are as follows, the method being by equal annual instalments calculated on cost except where otherwise mentioned—

Leasehold buildings over 40 years	— 2½ per annum on cost or valuation
Leasehold buildings under 40 years	— Equally over remaining period of lease
Permanent plant installed in buildings	— 5% per annum
Plant, machinery and fittings	— 10% per annum except factory equipment at 33½ per annum
Motor vehicles	— 20% per annum except internal transport which is written off over seven years
Hire plant	— 24% per annum on the reducing balance basis
Hire accessories	— By making a deduction for wear and tear based on an estimated useful life not exceeding three years.
Loose tools and patterns	are revalued at the end of each accounting period.

Stock and Work in Progress

Stock and work in progress have been valued at the lower of cost, including an appropriate proportion of overhead expenditure, and net realisable value.

Deferred Taxation

Deferred taxation represents corporation tax on the excess of capital allowances for taxation purposes over the corresponding book depreciation and on stock relief end other timing differences, calculated at the rates in force when such differences arose, together with full provision for United Kingdom corporation tax on unremitted profits of overseas subsidiaries.

Deferred Government Grants

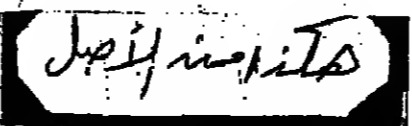
Government grants in respect of United Kingdom companies are credited to the profit and loss account at a rate consistent with that at which the depreciation charge on the relevant assets is computed.

Research and Development

Research and development expenditure, including the design and production of prototypes of new models and expenditure in respect of patents and trade marks, is written off as incurred.

Goodwill

Goodwill, comprising the premium on acquisition of subsidiaries and purchased goodwill, is deducted from reserves.



Handwritten notes:
 100.00
 2.132.66
 2.232.66
 550.00
 850.00
 564.82
 1.984.82
 235.09
 970
 30.00
 47.00
 56.00
 2.333.69

3. PROFIT AND LOSS ACCOUNTS

Notes	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
Sales	£'000	£'000	£'000	£'000	£'000	£'000
Cost of sales (including interest charges)	5,420	7,180	8,857	11,622	15,210	9,544
	5,180	6,467	7,812	10,322	13,671	8,473
Share of profits of associated companies	240	713	845	1,200	1,838	1,071
Profit before taxation and extraordinary items	308	901	1,025	1,557	1,775	1,124
Taxation	129	432	541	819	885	608
Profit after taxation	179	469	484	738	890	516
Extraordinary items	—	235	—	—	(142)	—
Profit after extraordinary items	179	704	484	738	748	516
Preference dividend paid or proposed	8	5	5	5	5	3
Profit available for equity shareholders	171	699	479	733	743	513
Ordinary dividend paid or proposed	42	96	107	119	133	—
Total profits retained	129	603	372	614	610	513
Earnings per ordinary share, before extraordinary items	2.1p	5.8p	8.0p	8.8p	10.4p	8.0p

Notes on profit and loss accounts:
 (a) The accounts for the years 1972 to 1978 and for the six months ended 26th June 1977 have been prepared for the following periods:

Period	Year
Fifty-two weeks ended 31st December 1972	1972
Fifty-two weeks ended 30th December 1973	1973
Fifty-two weeks ended 29th December 1974	1974
Fifty-two weeks ended 28th December 1975	1975
Fifty-two weeks ended 28th December 1976	1976
Twenty-six weeks ended 26th June 1977	26.6.77

(b) Sales comprise net sales and hire charges to customers outside the Company and its subsidiaries.

(c) Cost of sales includes:

	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
Interest charges	£'000	£'000	£'000	£'000	£'000	£'000
Depreciation	211	223	231	287	266	175
	336	366	504	520	603	329

(d) Share of profits of associated companies comprises the Group's share of profits before taxation of the following associated companies for the periods specified:

	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
Henry Sykes Pumps Australia Pty. Limited (for the relevant periods ended three months before the Group accounting dates)	£'000	£'000	£'000	£'000	£'000	£'000
Hewlett-Packard Limited (for the relevant periods ended one month after the Group accounting dates)	57	148	128	193	215	—
	11	40	52	64	21	53
	68	188	180	257	236	53

Included in the share of profits of Henry Sykes Pumps Australia Pty. Limited were exchange gains (losses) arising on translation into sterling as follows:

Year	1972	1973	1974	1975	1976
	—	14	(20)	22	71

During 1976 the Group acquired a 47% and a 40% holding in Sykes Nass Dewatering Company W.L.L. and Sykes Pumps (N.L.) Limited respectively, and in March 1977 acquired a 50% holding in Tern Sykes Pumps Limited. The results of these associates have not been included, owing to their insignificance in relation to the Group results. The amount included for the six months ended 26th June 1977 is based on unaudited management accounts of Hewlett-Packard Limited.

(e) Profit before taxation and extraordinary items includes the following net profit (losses) of companies which are no longer subsidiaries of the Group:

	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
	£'000	£'000	£'000	£'000	£'000	£'000
	(37)	(152)	(112)	(32)	(65)	2

(f) Taxation is based on the results of the Group for each period and consists of:

	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
Holding Company and Subsidiaries	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom Corporation Tax	27	140	243	385	589	310
Overseas taxation	—	—	—	—	57	—
Deferred taxation	70	204	212	334	256	217
Prior period adjustments	—	—	—	—	(3)	(4)
	97	344	455	719	842	580
Associated companies	£'000	£'000	£'000	£'000	£'000	£'000
United Kingdom Corporation Tax	4	20	29	22	7	28
Overseas taxation	28	68	57	78	36	—
	32	88	86	100	43	28
Total taxation	129	432	541	819	885	608

(g) Extraordinary items comprise the following and are stated after adjustments for taxation:

	1973	1976
Profit on disposal of freehold property	£'000	£'000
Costs of defending take-over	252	—
Net loss on disposal of interest in a subsidiary and an associated company	(57)	(101)
Abandonment of acquisition costs	—	(41)
	235	(142)

(h) The rates of dividend per share paid by the Company in respect of the five years ended 26th December 1978 and the number of shares on which the dividends were paid were as follows:

	1972	1973	1974	1975	1976
Preference shares	100,000	100,000	100,000	100,000	100,000
Number of shares	7.50p	5.25p	5.25p	5.25p	5.25p
Gross amount	3,217,611	3,217,611	3,217,811	3,412,312	8,530,780
Number of shares	1.31p	3.00p	3.32p	3.49p	1.56p
Dividends per share	0.52p	1.20p	1.33p	1.40p	1.58p

No ordinary dividends were paid or declared in the period to 26th June 1977 in respect of the year ending 26th December 1977.

(i) Profit retained:

	Year					Six months ended 26.6.77
	1972	1973	1974	1975	1976	
	£'000	£'000	£'000	£'000	£'000	£'000
By holding company	—	—	4	1,000	(1)	—
By subsidiaries	92	506	280	(538)	603	494
By associated companies	37	97	83	152	8	19
	129	603	372	614	610	513

(j) Earnings per share have been calculated on the shares in issue at the end of each period adjusted for the capitalisation issue in May 1978 and on the consolidated profit of each period after taxation and preference dividends but before extraordinary items.

4. BALANCE SHEETS

Company 26.6.77	Notes	Group					26.6.77
		2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	
£'000		£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets	(a)	2,849	2,987	2,979	3,204	4,464	4,887
Interest in subsidiaries	(b)	—	—	—	—	—	—
Interest in associated companies	(c)	203	230	327	404	556	140
		3,052	3,217	3,306	3,608	5,020	5,027
Current assets		£'000	£'000	£'000	£'000	£'000	£'000
Stock and work in progress		1,359	1,198	1,361	2,503	3,402	3,758
Debtors	(d)	1,612	1,884	2,482	2,509	3,343	4,882
Cash at bank and in hand		29	12	91	43	145	88
		2,999	3,092	3,914	5,055	6,890	8,819
Current liabilities		£'000	£'000	£'000	£'000	£'000	£'000
29 Creditors		687	755	1,323	1,644	2,516	2,815
56 Current taxation		20	34	149	(50)	86	807
Bank loan and overdrafts (secured)		1,087	1,531	1,049	1,488	737	606
Short term loans		640	640	200	35	35	35
Dividend proposed		30	42	96	71	78	80
		2,464	2,582	2,917	3,188	3,452	4,154
(77) Net current assets		535	530	1,297	1,867	3,438	4,665
(1,988) Long term loans	(a)	(842)	(930)	(915)	(938)	(1,780)	(2,400)
2,233 Net tangible assets		2,645	2,917	3,689	4,636	6,588	7,292
Deferred taxation	(173)	(173)	(243)	(508)	(1,090)	(1,851)	(1,948)
Deferred Government grants	(90)	(90)	(85)	(44)	(28)	(15)	(7)
2,233 Attributable to shareholders of the Company		2,382	2,509	3,136	3,518	6,122	5,337
Representing:		£'000	£'000	£'000	£'000	£'000	£'000
Share capital	(f)	904	804	604	904	953	2,233
Reserves	(g)	1,478	1,905	2,232	2,614	4,169	3,104
		2,382	2,509	3,138	3,518	5,122	5,337

Notes on balance sheets:

(e) Fixed assets of the Group comprise:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Freehold Properties							
At cost	367	365	375	414	102	263	305
At valuation 20th July 1969	1,158	1,159	947	947	—	—	—
At valuation 2nd December 1974	—	—	—	—	120	120	120
At valuation 15th July 1975	—	—	—	—	1,759	1,759	1,759
Accumulated depreciation	(78)	(108)	(125)	(159)	(91)	(101)	(108)
Net book value	1,444	1,413	1,197	1,202	1,890	2,041	2,076
Long Leasehold Properties							
At cost	22	22	22	28	28	90	119
At valuation 2nd December 1974	—	—	—	—	136	136	136
Accumulated depreciation	(2)	(3)	(4)	(4)	(5)	(7)	(9)
Net book value	20	19	18	22	157	219	248
Short Leasehold Properties							
At cost	43	41	43	51	87	87	71
At valuation 2nd December 1974	—	—	—	—	5	5	5
Accumulated depreciation	(9)	(10)	(13)	(18)	(28)	(31)	(28)
Net book value	34	31	30	33	89	71	48
Vehicles, Plant and Equipment							
At cost	809	821	911	1,062	1,522	1,903	2,131
Accumulated depreciation	(478)	(501)	(562)	(647)	(828)	(1,001)	(1,079)
Net book value	331	320	349	415	694	902	1,052
Hire Plant and Accessories							
At cost	1,536	1,880	2,203	2,525	2,583	2,755	2,856
Accumulated depreciation	(781)	(967)	(1,066)	(1,303)	(1,369)	(1,484)	(1,587)
At net current replacement cost	745	923	1,145	1,222	1,214	1,261	1,268
Net book value	1,020	1,204	1,386	1,532	1,655	1,654	1,717
Total	2,849	2,987	2,979	3,204	4,464	4,667	5,139

The freehold and long leasehold property valuations in 1974 and 1975 were made by Dabenhams Tewson & Chinnocks, Chartered Surveyors, at open market value on an existing use basis. Certain hire accessories are valued at net current replacement cost, since owing to the nature and volume of this equipment it is not practicable to ascertain the original cost.

(b) Interests of the Company in subsidiaries at 26th June 1977:

	£'000
Shares at cost	542
Amounts due from subsidiaries:	
Current accounts	1,838
Loans	2,130
	4,296

(c) Interests of the Group in associated companies:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unquoted shares at cost	41	47	87	87	87	54	140
Share of post acquisition retained profits and relevant reserves	45	82	179	297	419	86	105
Loan accounts	117	101	61	50	50	—	—
	203	230	327	404	568	140	245

(d) During 1976 the 33 1/3% interest in Henry Sykes Pumps Australia Pty. Limited was sold for £440,000; the proceeds together with the outstanding loan of £50,000 were included in debtors at 26th December 1978.

(e) Long Term Loans comprise:

	2.1.72	31.12.72	30.12.73	29.12.74	28.12.75	26.12.76	26.6.77
£'000	£'000						

5. STATEMENTS OF SOURCE AND APPLICATION OF FUNDS

Table with columns for Year ended 26.12.76 and Six months ended 26.6.77. Rows include Source (Group profit before taxation, Extraordinary items, Adjustments for items not involving the movement of funds), Total generated from operations, Total source of funds, Application of funds (Net additions to fixed assets, Working capital movement), and Movement in net liquid funds.

Notes on statements of source and application of funds:

- (a) Tax paid in 1976 is shown net of a repayment of £77,000, consequent on the final settlement of the capital gains tax liability on the disposal of freehold property in 1973.
(b) Included in the above figures are movements arising from acquisitions and disposals of subsidiary companies as detailed below:

Table showing Acquisitions and Disposals for Year ended 26.12.76 and Six months ended 26.6.77. Rows include Fixed assets, Purchased goodwill, Stock, Debtors, Creditors, Bank borrowings, Taxation liabilities, and Consideration (Cash, Shares).

6. ACCOUNTS

The accounts for the twenty-six weeks ended 26th June 1977 will not be laid before the shareholders in general meeting. The audited accounts of the Company or any of its subsidiaries have been made up in respect of any period subsequent to 26th June 1977.

DELOITTE & CO. Chartered Accountants

BASIS OF PROFIT FORECAST

1. Principal Assumptions

The forecast of profit before taxation and extraordinary items of the Group for the 52 weeks ending 25th December 1977 of not less than £2,000,000 set out under 'Profit' above includes results shown by audited interim Group accounts for the 26 weeks ended 26th June 1977 and by unaudited management accounts for the 13 weeks ended 25th September 1977 and is made on the following principal assumptions:-

- (a) foreign currency exchange rates will remain substantially unchanged from those ruling at the end of November 1977;
(b) trading results will not be unduly affected by industrial disputes, abnormal operating problems or major breakdowns of vital plant and machinery in the Group's works or those of its principal suppliers or customers.

2. Letters Relating to the Profit Forecast

(a) The following is a copy of a letter from Deloitte & Co., Chartered Accountants, relating to the forecast of consolidated profit of the Group for the 52 weeks ending 25th December 1977:- 5th December 1977

The Directors, Henry Sykes Limited

Gentlemen,

We have reviewed the accounting bases and calculations for the profit forecast (for which you, as Directors, are solely responsible) of Henry Sykes Limited and its subsidiaries including the attributable share of profits of associated companies ('the Group') for the 52 weeks to 25th December 1977 which appears in the document to be dated 5th December 1977. The forecast includes results shown by audited interim Group accounts

for the 26 weeks ended 26th June 1977 and by unaudited management accounts for the 13 weeks ended 25th September 1977. In our opinion the forecast, so far as the accounting bases and calculations are concerned, has been properly compiled on the footing of the assumptions made by you set out in the said document and on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully, DELOITTE & CO. Chartered Accountants

(b) The following is a copy of a letter from Industrial and Commercial Finance Corporation Limited ('ICFC') relating to the forecast of consolidated profit of the Group for the 52 weeks ending 25th December 1977:- 5th December 1977

The Directors, Henry Sykes Limited

Dear Sirs,

We have discussed with you and with Deloitte & Co. the forecast of the consolidated profit of Henry Sykes Limited and its subsidiaries for the 52 weeks ending 25th December 1977, which appears in the document to be dated 5th December 1977.

We consider that the consolidated profit forecast (for which you, as Directors of Henry Sykes Limited, are solely responsible) has been made after due and careful enquiry.

Yours faithfully, M. J. RICHARDSON

FOR INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

M. J. RICHARDSON

GENERAL INFORMATION

Capital History

On 1st December 1975 the authorized share capital of the Company consisted of £1,380,000 divided into 100,000 7 1/2 p cent. (now 5 1/2 p cent.) Cumulative Redeemable Preference shares of £1 each and 5,000,000 Ordinary shares of 25p each of which all the Preference shares and 3,412,312 of the Ordinary shares were issued and fully paid up. On 11th May 1976 the authorized share capital was increased to £3,850,000 by the creation of 10,000,000 additional Ordinary shares of 25p each and 5,118,468 Ordinary shares of 25p each were issued credited as fully paid up by way of capitalisation of reserves.

Subsidiaries

The Company has the following operating subsidiaries, all of which are wholly owned:-

Table listing subsidiaries with columns for Name, Place of incorporation, Date of incorporation, Issued capital, and Percentage owned by the Group. Subsidiaries include Sykes Pumps Limited, Lacy-Hulbert & Company Limited, Whitehead Harbormaster Limited, Harbormaster Limited, Sykes Construction Services Limited, Khamseh-Sykes Limited, and Pompey Sykes S.A.

In addition the Company owns the entire issued capital of four dormant subsidiaries and of Henry Sykes Overseas Limited, which acts solely as an intermediate holding company for all overseas investments.

Associates

Table listing associates with columns for Name, Place and date of incorporation, Issued capital, and Percentage owned by the Group. Associates include Hawden-Sykes Pumps Limited, Sykes Pumps (N.I.) Limited, Terra Sykes Pumps Limited, and Sykes Ness Diversing Company W.L.L.

Directors' and Other Interests

The interests of the directors, all of which are beneficial, in the share capital of the Company as they appear in the register maintained under the provisions of the Companies Act 1967 are as follows:-

Table listing directors and their shareholdings. Directors include A. E. Hepper, G. E. Thompson, J. A. Farmer, R. A. Green, J. W. Llewellyn-Jones, P. J. Madge, R. V. Price, and G. W. Scarlett.

Save for the following, the directors are not aware of any shareholding which represents 5 per cent. or more of the issued ordinary share capital of the Company:-

Table listing shareholdings of directors. Shareholders include ICFC, National Coal Board Superannuation Pension Fund, Hambros Bank Limited, and Eclote Investment Trust Limited.

ICFC owns all the Preference share capital of the Company.

No director of the Company has or has had any interest, direct or indirect, in any asset which within two years before the date hereof has been, or which is proposed to be, acquired or disposed of by or leased to the Company or any of its subsidiaries and no contract, arrangement or understanding subsists in which a director of the Company is materially interested and which is significant in relation to the business of the Group as a whole.

Articles of Association

The following is a summary of the principal provisions of the Articles of Association of the Company.

RIGHTS ATTACHING TO PREFERENCE SHARES

(A) The Cumulative Redeemable Preference shares 1979/84 of £1 each ('Preference shares') confer upon the holders thereof:-

- (i) the right to be paid a fixed cumulative preferential dividend at the rate of 7 1/2 per cent. per annum on the capital paid up thereon; and
(ii) the right in a winding up on a reduction of capital involving repayment to receive a sum equal to the capital paid up thereon together with a premium of 5p per share together also with a sum equal to any arrears or accruals of the said fixed dividend (whether earned or declared or not) calculated down to the date of repayment.

In priority to any payment to the holders of any other class of shares, but shall confer no further right to participate in the profits or assets of the Company.

By virtue of paragraph 18 of Schedule 23 to the Finance Act 1972 and of Section 46 of the Finance Act 1976 the annual rate of dividend has been effectively reduced to 5 1/2 per cent.

- (B) (i) The Company may redeem all (but not some) of the Preference shares at par together with all arrears and accruals of the fixed dividend thereon calculated down to the date of redemption on or at any time after 30th June 1979 upon giving to the holders thereof not less than one month's notice of its intention in that behalf.
(ii) If the Preference shares shall not have been redeemed earlier, they shall be redeemed on 30th June 1984 at par together with all arrears or accruals of the fixed dividend thereon calculated down to the date of redemption.

(C) The Company shall not without the consent or sanction of the holders of the Preference shares:-

- (i) create or issue any further shares ranking either as to dividend or as to capital in priority to or pari passu with the Preference shares;
(ii) reduce its capital;
(iii) sell its undertaking or a substantial part thereof; or
(iv) make any alteration to the powers exercisable by the Board to borrow money and to create mortgages or charges.

(D) The Preference shares shall entitle the holders thereof to receive notice of but not to attend or vote at any general meeting of the Company unless:-

- (i) at the date of the notice convening the meeting or, if the meeting is convened by or at the request of such Members as are mentioned in Section 132 of the Companies Act 1948, at the date of the deposit of the requisition mentioned in that Section, the dividend thereon is six months in arrears for which purpose such dividend shall be deemed to be payable half-yearly on 30th June and 31st December in every year; or
(ii) the meeting is held after 30th June 1984 and the Company shall have failed to redeem all of the Preference shares; or
(iii) the business of the meeting includes the consideration of any resolution directly and adversely affecting any of the special rights attached to the Preference shares.

In the event of the business of the meeting including a resolution of the kind mentioned in (iii) above, the right to vote shall be limited to the resolution or resolutions giving the right to extend the meeting.

VOTING

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member who is present in person or by proxy shall have one vote for every 25p nominal amount of share capital of which he is the holder.

MODIFICATION OF RIGHTS

All or any of the special rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be altered or abrogated with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of such shares. To any such separate general meeting all the provisions of the Articles of Association as to general meetings of the Company shall mutatis mutandis apply; but so that the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third of the issued shares of the class, that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, that any holder of shares of the class present in person or by proxy may demand a poll and that at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whether or not the number of shares held by him) shall be a quorum and for this purpose one holder present in person or by proxy may constitute a meeting.

BORROWING POWERS

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The Board shall restrict the

borrowings (as defined in the Articles of Association) of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (just as regards subsidiaries only in so far as by the exercise of such rights or powers of control the Board can secure) that the aggregate principal amount (including any fixed or minimum premium payable on final repayment) from time to time outstanding of all borrowings by the Group (exclusive of borrowings owing by one member of the Group to another member of the Group) shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to one and one-half times the Adjusted Capital and Reserves (as defined in the Articles of Association).

A certificate or report by the Auditors for the time being of the Company as to the amount of the Adjusted Capital and Reserves or the amount or any borrowings or to the effect that the above limit has not been or will not be exceeded at any particular time or times shall be conclusive evidence of such amount or fact.

DIRECTORS

(A) A director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other appointment in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof). A director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement in which he is or has been or is to be or may be or is to be or may be materially interested except as mentioned in the Articles of Association.

(B) The fee payable to each of the directors as shall be determined by resolution of the Board provided that:-

- (i) no executive director, or any director who is in the full-time employment of any subsidiary of the Company, shall be entitled to any such fee; and
(ii) the aggregate amount of the fees shall not at any time exceed a sum at the rate of £25,000 per annum or such higher rate as may from time to time be determined by ordinary resolution of the Company.

(C) The Board may from time to time appoint one or more of its body to hold any executive office or employment with the Company for such period and upon such terms as the Board may determine. An executive director shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine.

(D) The Board on behalf of the Company may exercise all the powers of the Company to grant pensions, annuities or other allowances or benefits in favour of or to any director or former director or the relations, connections or dependants of any director or former director, provided that no pension, annuity or other allowance or benefit shall be granted to a director or former director who has not been an executive director or held any other office or place of profit with the Company or any of its subsidiaries (or to a person who has no claim on the Company except as a relation, connection or dependant of such a director or former director) without the approval of an ordinary resolution of the Company.

(E) The Articles do not contain any provisions excluding or varying the operation of Section 185 of the Companies Act 1948 with regard to the age of retirement of directors or the election of directors after reaching a specified age.

Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into within the period of two years immediately preceding the date hereof and are or may be material:-

- (i) dated 1st October 1976 between R. W. Thompson, V. A. E. Thompson, R. R. Thompson and W. C. Purdy (together called 'the Vendors') (1) and Sykes Pumps (2) under which the Vendors sold to Sykes Pumps the whole of the issued share capital of Thompson Sines. (Engineers) Limited for £335,000 paid in cash;
(ii) dated 9th November 1976 between Richter S.A. (1) and Pompey Sykes (2) under which Pompey Sykes agreed to acquire from Richter S.A. that part of its undertaking which related to the manufacture and sale of recirculating self-priming pumps and certain assets relating thereto, in consideration of the sum of Fr.Fcs. 5,025,710 paid in cash;
(iii) dated 24th November 1976 between the Company (1) and Hanson Trust Limited (2) under which the Company agreed to purchase the share of Sykes Pumps holding of 83,750 'B' class shares of £1 each in Henry Sykes Pumps Australia Pty. Limited ('Sykes Australia') for £440,000 in cash and the execution of a distribution agreement between Sykes Pumps and Sykes Australia; and
(iv) dated 27th April 1977 between Henry Sykes Overseas Limited ('Overseas') (1) and Tea Limited ('Tea') (2) under which (a) Overseas agreed to sell the whole of the issued share capital of Sykes Pumps Ireland Limited to Terra Sykes Pumps Limited ('Terra Sykes') in exchange for the issue of 43,599 'A' Ordinary shares of £1 each in Terra Sykes, (b) Tea agreed to sell the whole of the issued share capital of Terra Plant Sales Limited to Terra Sykes in exchange for the issue of 48,999 'B' Ordinary shares of £1 each in Terra Sykes, (c) Tea and Overseas agreed to lend to Terra Sykes a sum subsequently ascertained to be £21,809 and £48,331 repayable on specified dates up to 1st April 1977 and (d) Tea and Overseas agreed to procure that Terra Sykes entered into a distribution agreement with Sykes Pumps.

Directors' Service Agreements

On 22nd November 1977 A. E. Hepper, G. E. Thompson, J. A. Farmer, R. A. Green and P. J. Madge entered into service agreements with the Company under which each has agreed to serve in the capacity stated above for an initial period not terminable prior to 31st December 1981. In Mr. Hepper's case and 31st December 1980 in all other cases, at current annual salaries for Mr. Hepper and Mr. Thompson at the rate of £28,728 and £16,850 respectively and for the remaining directors at £35,182 in the aggregate. The agreements contain no anti-termination or commission on any variable remuneration.

The aggregate emoluments of the directors in the year ended 26th December 1976 and the estimated amount for the current year are £101,046 and £121,339 respectively.

Premises

Details of the Group's premises are as follows:-

Table listing premises with columns for Address, Tenure, and Approx. floor area (sq. ft.). Premises include Group administrative headquarters, Factory premises, and Regional plants.

In addition to the above the Group occupies premises at 20 other locations as shown on the site and line of maps and related documents. Of these premises, two are held freehold, 20 on formal leases having aggregate annual rentals of approximately £57,000, and eight on short term tenancies having aggregate annual rentals of approximately £15,000.

General

- 1. The directors have been advised that the Company ceased to be a close company as defined in the Income and Corporation Taxes Act 1970 (as amended) after its accounting period ended 2nd January 1972, and that no material liability for income tax, surtax, estate duty or capital transfer tax is likely to fall upon the Company or any subsidiary.
2. No unissued share or loan capital of the Company or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.
3. Save as disclosed herein:-
(i) no share or loan capital of the Company or, except for issues to other companies within the Group, of any of its subsidiaries has, within the two years preceding the date hereof, been issued or agreed to be issued or is now proposed to be issued for cash or otherwise;
(ii) no commissions, discounts, brokerage or other special terms have been granted by the Company or any of its subsidiaries within the said period of two years in connection with the issue or sale of any part of their respective share or loan capital.
4. Without the prior approval of the Company in general meeting no material issue of shares (other than to shareholders pro rata to their existing holdings) will be made within one year from the date hereof, and no issue of shares will be made which would effectively alter the control of the Company or the nature of its business.
5. Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration proceedings of material importance, and the directors are not aware of any litigation or claim of material importance which is pending or threatened against the Company or any of its subsidiaries.
6. Mr. G. W. Scarlett is a director of ICFC which will be receiving a fee in connection with the introduction of the issued Ordinary share capital of the Company on The Stock Exchange.
7. The expenses of and incidental to the application for the share capital of the Company to be listed on The Stock Exchange are estimated at £108,000 exclusive of VAT and are payable by the Company.
8. Consents and Documents on display
Deloitte & Co. have given and not withdrawn their written consent to the issue of this document with the inclusion therein of their report and letter and the references thereto in the form and context in which they are included.
Oberheim, Tewson, & Charnock have given and have not withdrawn their written consent to the issue of this document with the inclusion therein of the reference to their name and verbatim in the form and context in which they are included.
ICFC has given and has not withdrawn its written consent to the issue of this document with the inclusion therein of its letter relating to the Group profit forecast in the form and context in which it is included.
Copies of the following documents may be inspected at the offices at Slaughter and May, 35 Abchurch Lane, London, E.C. 4, during usual business hours on any weekday (Saturdays excepted) for a period of 14 days following the date of publication hereof:-
(i) the Memorandum and Articles of Association of the Company;
(ii) the audited consolidated accounts of the Company and its subsidiaries for the years ended 26th December 1975 and 26th December 1976 and for the six months ended 26th June 1977;
(iii) the report of Deloitte & Co. and statements of adjustments made for the purposes of their report;
(iv) the consents mentioned above;
(v) the letters relating to the profit forecast;
(vi) the material contracts listed above; and
(vii) the directors' service agreements referred to above.

5th December 1977

Copies of this document may be obtained from:-

INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION LIMITED

at 91 Waterloo Road, London SE1 6XP, and at its Area Offices

and from the brokers CAPEL-CURE MYERS LIMITED, Bath House, Malvern Road, London EC1 2EL.

Handwritten signature 'J. J. Richards' at the bottom of the page.

The Management Page

EDITED BY CHRISTOPHER LORENZ

THE WAY that the press has reported the current East/West discussions in Belgrade has given the impression that the only points at issue are human rights and the political balance of power in Europe. The Helsinki agreement whose consequences are being reviewed at Belgrade, covered much more than this.

Diplomats are all too ready to draft yet another declaration that their governments have agreed to promote East/West economic co-operation, leaving businessmen still grappling with most of the difficulties and uncertainties which have been frustrating that aim for so long.

One of the more practical projects which was included in the Final Act of the Helsinki Conference on Security and Co-operation in Europe was the creation of a multilateral system of notification of laws and regulations concerning foreign trade.

The UN Commission for Economic Cooperation in Europe, to whom this project is assigned, has made a feasibility study. A number of governments have agreed to take part in a trial run of reporting procedures for such a system and the results of this test should be available this month.

One would hope that this project will not be confined to supplying better information to government departments but will yield a flow of up-to-date material to businessmen. The advantages of properly disseminated information of this type, provided in the traders' own language, are obvious; it would be even better if such exchange of information would lead to the creation of an international trade gazette wherein the publication of rules binding on foreign trade would be obligatory.

The ECE Inland Transport Committee has reported "substantial" progress in harmonising legal provisions concerning inland waterways, another project which had been agreed at Helsinki. Agreements have recently been concluded on the international carriage of passengers and luggage, on uni-



Behind the Belgrade wheeler-dealing

BY A. H. HERMANN

form technical requirements for inland waterway vessels, and on signs and signals. Quite a lot of work has been done on the unification of transit documents for road and rail transport but governments appear still to be shy of tackling the more fundamental problems of international transport.

One of these is safety of air transport. The other is the opening up of international transport to competition and the dismantling of the many cartels which hide behind the cloak of international conventions. One important aspect of this is the restraint of unfair competition—often the equi-

valent of dumping—by states-subsidised carriers on land, in the air and on the sea.

A conference on the legal aspects of East-West trade recently convened in London by the European Group of the Law Society revealed that much groundwork is still needed to make this field safe for a small or medium-size company which cannot afford the services of specialised lawyers whenever they clinch a deal with a Comecon country. The conference proved particularly useful because it was attended by a number of commercial lawyers from Comecon countries and they were able to help distin-

guish between real difficulties and those which are only semantic or imaginary.

One of the real difficulties is that while the Comecon countries are willing to negotiate contract terms for major deals, when it comes to routine deals, they are not willing to go to the same trouble and to give up their own small print on contract forms.

The disadvantage to a Western company which is obliged to accept the standard contract terms of a Comecon country is increased if, as often happens, a deal which is merely routine for the East European trader represents an

important slice of the Western private trader's annual output. Further, not only are the situations in which the two parties find themselves unequal, they are also bound to have a completely different approach to the interpretation of the contract.

While the Western firm will assume that the terms of the contracts will be interpreted so as to obtain a fair and reasonable result, and that individual provisions can be modified, if necessary, to fit changing circumstances, the Comecon party will tend to treat the contract as Holy Writ, to be observed strictly in every detail.

Even when the East European manager is personally inclined to adopt a more relaxed and reasonable attitude, he is often prevented from doing so by the fear that a supervisory authority would not understand why he had failed to extract every possible advantage from sticking strictly to the terms of the contract.

For this reason it is necessary to include in the contract many things which Western partners would assume to be implied or covered by business custom. It is not enough to agree that local personnel will be available for installing the supplied plant; it is necessary to go into details of their skill, remuneration, selection, hours of work and supervision. If the contract stipulates that engineers should be sent to install and carry out repairs it is advisable to make this dependent on their obtaining visas and reasonable documentation, and exit permits where necessary.

There are innumerable details and pitfalls to think of in order to make the contract sufficiently firm—but flexible at the same time.

The ECE has already published a Guide for Drawing up International Contracts on Industrial Co-operation. Other ECE projects falling under the provisions of the Helsinki agreement include a guide for drawing up joint venture contracts and a manual of licensing.

However, much more could be done to protect the small or medium-sized Western trader in his dealing with the giant state trading organisations of Comecon. One way would be to agree standard contracts which are fair to both sides. The other possibility, and it seems to be the more practical, would be to reach an international agreement invalidating unfair contract terms by making them subject to the test of reasonableness—either in Court or by arbitrators—and by making it an implied rule of all contracts that both parties will fulfil their obligations in accordance with business practice accepted in that particular branch of industry or trade.

Michael Dome on how Aer Lingus implemented an unusual diversification strategy

An Irish flight to pastures new

THE 1970s have been a tough time so far for most of the world's airlines, especially for the smaller operators. Many of them have acutely felt the full draught of inflation and industrial recession. The large number of industrial disputes in world air transport this past summer and early autumn have not helped, either.

Aer Lingus, the Irish airlines group, has also had other problems to contend with, not least the severe effect on tourism to the Irish Republic caused by the troubles in Ulster. The Irish Government-owned group, however, is pulling itself out of the mire, through a dynamic shift in top management thinking that has diversified the airline in such a way that, while it remains dedicated to air transport, much of its current revenue stems from other activities.

The balance sheet to March 31 last tells the story clearly. Through the 1960s, the group

(which comprises Aer Lingus, the short-haul European side of the airline, and Aerline Eireann, the transatlantic operator) was consistently profitable—in the 11 years to 1970-71, it earned total net profits of £3.7m. In the early 1970s, however, the situation changed. This period saw some significant losses, amounting to more than £5.2m in both 1974-75 and 1975-76. But for the past year, the situation was transformed, with a £117,000 group net profit—small enough, but sufficient to point to a trend towards recovery.

Prior to the recent disputes in Aer Lingus the airline was ahead of targets in the first six months of the current financial year, and was looking for "an excellent profit" in 1977-1978. This, together with brighter prospects that the airline says it can see in the market-place, was enabling it to think more optimistically in terms of expansion over the next few years.

Just how far the U.K. air traffic control assistants' dispute this autumn, and Aer Lingus' own inter-airline disputes, will jeopardise this remains to be seen, but it seems likely that the financial cushion provided by the diversification programme will have served the airline well over recent months.

Diversification is not a new development in air transport. Many airlines, especially some of the bigger ones, try to boost their balance sheets by selling their expertise to other, smaller, developing airlines. But what is so particular about the Aer Lingus exercise is that the diversification has gone much further, to the extent that the group's financial survival is now dependent upon the profits that its diversification programme is producing.

How has it been done? The answer lies in a major management decision, taken in the early 1970s by Mr. Michael Dargan, then Chief Executive of the airline who has since retired, and enthusiastically endorsed by his successor, Mr. David Kennedy, that they should diversify extensively, but in such a way as not to prejudice the overall objective of the group—which still is to run air services.

As a result, under the day-to-day direct control of Mr. Gerry Dempsey, the chief executive (ancillary activities), diversification has been taken into areas that could benefit reasonably quickly from ex-

pensively-acquired aviation expertise, but which were not themselves quite so susceptible to the cyclical swings in economic fortune that bedevil air transport.

The diversification falls into three broad categories: activities directly related to aviation (such as aviation maintenance and overhaul, passenger and cargo handling, training services, helicopter operations and travel companies); hotels, leisure and catering; and financial and computer services. The group was already involved in some of the aviation-related areas so this provided a launching pad, from which to expand.

Hotel rooms

The result has been that, in 1976-77, whereas the strictly air transport activities of the group incurred a loss of £715,000 (although that, in itself, represented a substantial improvement on the £4.9m loss in the previous year), the diversification programme alone yielded profits of nearly £6.8m—subsequently whittled down by heavy charges for central services and interest.

This diversification is already leading the group in some unusual directions. On the hotels, leisure and catering side of the business, Aer Lingus now owns a total of over 8,000 hotel rooms in the U.S. and Britain. One of the biggest single contributors to profits is the 840-room London Tara, which is now making substantial profits on a turnover of about £5m in 1977.



In the U.S., the group has acquired the Dunfey Family Corporation, which leases 14 hotels and manages 12 others, with about 7,300 rooms and a turnover of £30m. This company, which is also in insurance and real estate, has been a success for Aer Lingus from the start, and is also now yielding profits.

But perhaps the most dramatic venture has been the development, in conjunction with the Bank of Ireland, of the 400-acre leisure complex at Foxhills, near Chertsey in Surrey, where already there are two 18-hole golf-courses and where eventually there will be tennis courts, bars, restaurants and other amenities. It may well become one of London's major leisure centres. Also, Aer Lingus has, again in conjunction with the Bank of Ireland, and others, bought a site in Tenerife, which it plans to develop eventually as a holiday resort with hotels, apartment blocks and the usual range of holiday and sporting amenities.

The biggest single contribution to the diversification programme, however, comes from the "aviation related activities," and here in turn the biggest contributor to turnover and profits is aircraft maintenance and overhaul. Here, revenues have increased six-fold in five years; the bulk of the market is in Africa, the Middle East and Africa, with over 160 customers on the books. The airline provides a variety of training services for other

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airlines, but it has also been expanding its provision of general management services to other operators, and currently helps to run Bahamasair, Kenya Airways and Zambia Airways.

Another significant aspect of the diversification programme has been into aircraft broking, through its stake in the Guinness Peat merchant banking group, as part of the overall expansion into financial and computer services.

The revenue from all these ancillary activities in 1976-77 exceeded £50m., on a capital invested of close to £20m. This compares with the combined revenues on the airline side of the business of close to £100m., on capital of over £42m.

All this diversification continues alongside the development of the airline itself, with all the attendant problems of competition (including the controversial issue of "charter dumping" by foreign carriers in the Irish market, a topic on which Aer Lingus has strong views), the growth of ultra-cheap Atlantic fares with its attendant revenue-dilution, and the impending problems of aircraft re-equipment, especially in the short-to-medium haul side of the fleet.

One of the features of the diversification is that it has been achieved with comparatively few changes in top management, but rather by a shift in thinking heavily influenced by a poor financial performance and the need to rescue the situation. While the results show what a determined management team can do, there is no question of Aer Lingus allowing this diversification to go beyond the point where it overtakes the airline business, for the very good reason that the expertise fuelling the diversification is itself generated by the airline operations. This is likely to continue.

Aer Lingus does not intend to become a conglomerate listing an air transport division among its many activities.

But although the profitability of the diversification has done much to help Aer Lingus through a difficult period, there is still a long way to go, Mr. Kennedy has described the net profit of £117,000 last year as "puny" compared with what the airline will need to help finance its future aircraft re-equipment programme. Interest charges are already heavy (over £4.5m.), and the group needs an injection of new capital, a topic which it has so far discussed without success. Inflation also remains a danger—Mr. J. P. Hayes, the chairman, has warned that excessive wage rises could imperil the progress already made.

Stressing this need for capital, Mr. Kennedy said recently that the airline was now preparing its new equipment programme for 1978 and beyond, covering additional capacity for both short and long-haul routes. Details would be given in the New Year.

Even if, as the Aer Lingus management now believes, there could be a "new and challenging change of direction" on the horizon, with an improvement in world air transport affecting Aer Lingus and many other operators, the airline will continue to derive a substantial proportion of its profit for a long time to come from its growing diversification programme.

BUSINESS PROBLEM BY OUR LEGAL STAFF

Loan to a Director

Finance Act 1976, as modified by part III of schedule 8.

(c) Your declaration of the facts may suffice.

There are other aspects of the matter to be considered, and we suggest that you consult the company's accountants before proceeding.

A helpful booklet on the tax treatment of interest paid is obtainable from most tax inspectors' offices; you should ask for booklet IR11. No doubt the company already has a copy of booklet 480, which deals briefly with directors' benefits and expenses payments. Both booklets are free.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

This announcement appears as a matter of record.

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Wednesday December 7 1977

Some progress in Brussels

IT IS customary, at the conclusion of any intergovernmental negotiating session, for all parties to express general satisfaction with the result. It was not so this time. It was not so yesterday when both Mr. Callaghan, the British Prime Minister, and M. Valery Giscard d'Estaing, the French President, announced the two-day summit of the European Community had been a great success.

On balance their satisfaction was understandable, and justified. None of the fundamental problems of the Community was resolved, and no major new initiative was launched to lend greater momentum to the process of European integration. Mr. Roy Jenkins, the President of the European Commission, got a fair hearing for his ideas on putting new life into the long-stalled scheme for economic and monetary union (EMU).

Familiar debate
The politicians rehearsed their familiar debate on the problems of recession and unemployment in Europe, but without resolving the equally familiar differences of opinion between Britain and Germany on whether the strong countries (like Germany) should take more vigorous action to lead the way towards a faster rate of growth.

At a more humdrum level, however, the European Council proved its usefulness by resolving a number of important second-rank issues which have bedevilled ordinary sessions of the Council of Ministers for far too long. Whether it is an appropriate use of the time of heads of government, to haggle over second-rank issues which ought to have been dealt with by Foreign Ministers, or even by the Permanent Representatives in Brussels, is another question.

Rather more promising
The latest banking figures leave room for hope that the growth of the money supply will turn out to have been rather less disturbingly rapid than in the two preceding months. The London clearing banks increased their advances again in the month to early-December, but not by much. Once again, too, most of the increase went to personal, agricultural, and manufacturing industries. The rise in personal borrowing coincides with a general increase in the level of consumer credit and suggests that people may be anticipating a recovery in real purchasing power, brought about by the combination of decelerating inflation and lower tax rates, by reducing the savings ratio. The reluctance of industry to borrow more may reflect not only the general sluggishness of demand but success in reducing an involuntary rise in the level of working-progress earlier in the year. The net inflow of money back to the clearing banks from the money market suggests that their competitors, notably the U.S. banks, may also be finding it difficult at present to lend to industry.

Borrowing
The month-to-month movement of the monetary aggregate is of practical importance, in the sense that it influences market sentiment and can affect monetary regulation in itself. The really important thing is to have targets and try hard to achieve them. The Government demonstrated the value it attached to this principle when it allowed the exchange rate to float. Whether or not it succeeds in keeping the growth of M3 down to 13 per cent for the financial year as a whole is still arguable—it will almost certainly move to a more flexible system of targets next year—but the public sector borrowing requirement figures for the first six months are promising. There may, of course, be a rush to spend as the end of the year approaches, but at the moment it looks as if the Government is once again comfortably inside its own estimate.

Foreign funds
The clearing banks make no mention this time of their deposits being affected by an inflow of foreign funds; and indeed, as the recent reserve figures showed, the decision to float the exchange rate — immediately followed as it was by threats of industrial action to secure large wage increases — has reduced that inflow to a trickle. But it was still large in the second half of October and will therefore affect the money supply figures for the banking month to mid-November. How far remains to be seen. But it is

WITH ITS successful £20m. take-over bid for most of the engineering interests of the ailing Fairey aviation and engineering group, the National Enterprise Board has thrust itself into its first major controversy since Mr. Leslie Murphy took over as its chairman four months ago. The bid also demonstrates a new and somewhat aggressive approach by Mr. Murphy and his colleagues to their right to operate in the company takeover business and raises issues about the Board's role in trying to merge sections of British industry into more rational and competitive forms.

The take-over has met with a storm of opposition and cynicism which is unlikely to be melted quickly. The opposition has come from Conservative Party and City interests — and especially the defeated Mr. Victor Matthews of Trafalgar House. They do not think that the State-funded NEB should be defeating companies in takeover bids. The cynicism comes from those who cannot understand why the NEB wants to own the motley collection of engineering companies it has bought and who find it hard to believe that there can be any industrial logic or strategy behind the move.

The NEB's answers to these views is that it is in business to buy into profitable as well as loss-making companies, and that it also has an industrial strategy under both headings, even though France has secured a slightly larger share of the Regional Fund than in the previous three-year period. But a more important consideration is that the expansion of the community finance for regional and industrial development should be of benefit to the Community as a whole, over and above narrow national interests.

Extradition
The eight other heads of government may have been disappointed that Mr. Callaghan was unable to give any assurance that Britain would be ready for direct election to Strasbourg by next summer; they had no reason to be surprised, however regrettable it may be. On the other hand, there is every reason to welcome the French President's proposal for a Community convention on extradition on all types of serious crime. In its specialised field, the European Court of Justice has become one of the motors of European integration, and some harmonisation of Europe's criminal laws could become politically significant.

MEN AND MATTERS

Jim's Market manners
The Prime Minister has made no secret of his belief that much of the business conducted at the EEC's thrice yearly summit in the European Councils, as they are pompously known in Brussels jargon — is excessively tedious.

But even those familiar with James Callaghan's impatience were taken aback by his egress to shake the Brussels dust off his feet after yesterday's meeting. While the leaders of every other EEC government, or their foreign Ministers, were holding Press conferences, he had already gathered up his spokesman Tom McCaffrey, and the Foreign Secretary, David Owen, and was heading towards the airport. As a result the only British briefing available to the several hundred journalists present was a sparse account delivered by two Foreign Office officials, who had not even been permitted to speak to Callaghan directly.

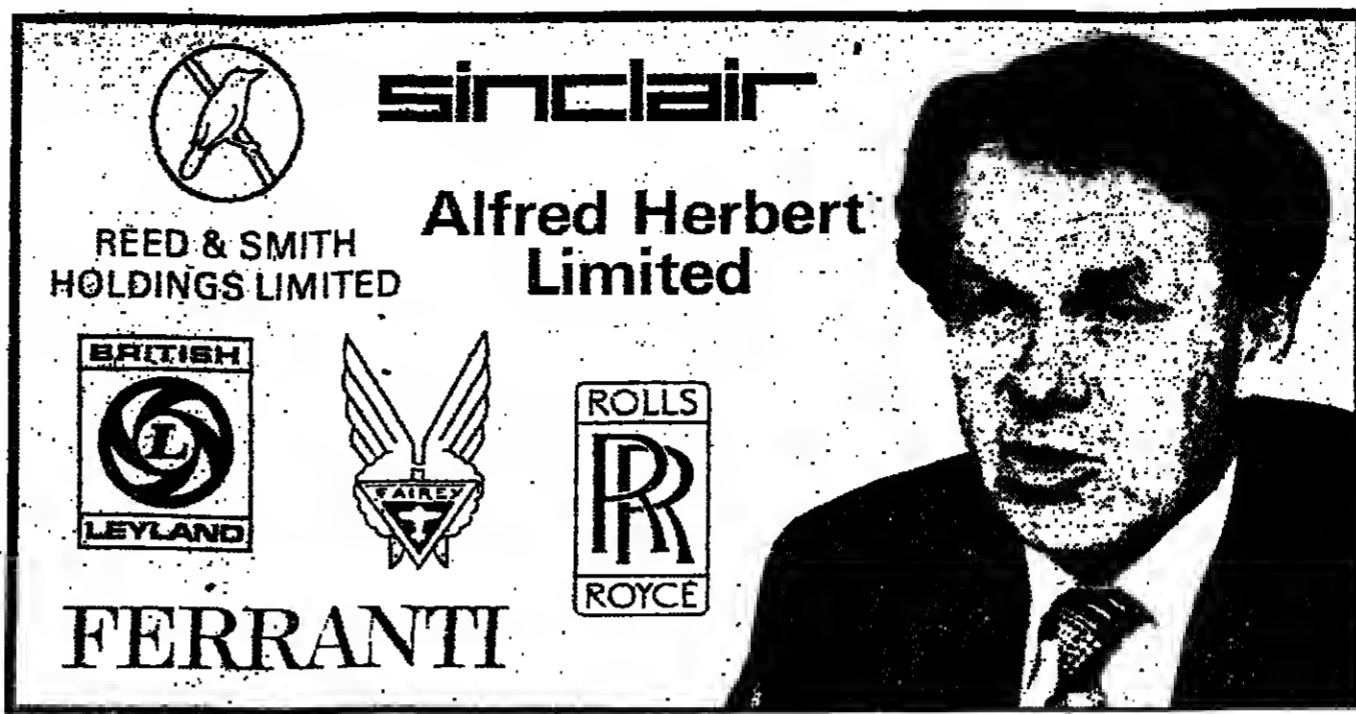
Callaghan's refusal to meet the Press at any point during the meeting contrasts strangely with the views in his celebrated letter to the Labour Party's national executive committee last autumn; in this he argued forcefully that the Community should be made more open and democratic. It is odd, too, that David Owen should have felt obliged to observe the same rule of silence this week. After all, he has been among the first to criticise any reporting from Brussels which portrayed British policy in a less-than-favourable light as biased and partial. If he and the Prime Minister are so reluctant to tell their side of the story, who is supposed to tell it?

Moscow to Paris

Merchant banker and former diplomat Quentin Davies was not

NEB's controversial new venture with Fairey

By JOHN ELLIOTT, Industrial Editor



Mr. Leslie Murphy, new chairman of the NEB, with the insignia of some of the companies under its wing.

prepared to go out and defend its position.

On other fronts, a new regime has been set up at British Leyland, the NEB's major problem company. A former Board member of the NEB, Mr. Michael Edwards, has been established as executive chairman there. He is working closely with Mr. Murphy producing both a corporate plan (due for completion in February with full approval being scheduled for the end of March) and a new management structure for the Leyland group.

The NEB's financial criteria have also just been fixed by the Government with an overall target rate of return of 15 to 20 per cent on capital employed on all its businesses apart from British Leyland and Rolls Royce which will have lower targets set later. This main target rate provides a firm base on which the NEB can operate. Also it was useful this week in the Fairey case because it enabled the NEB to show that there is a statutory criterion governing its operations and that it has not just been bidding with "soft" Government money.

The NEB has also notched up its first clear financial success with the sale of its 30 per cent stake in paper manufacturers Reed and Smith. It helped this company out of trouble a year ago and the NEB is now set for a profit of about £750,000 through a takeover bid. One of the larger problem companies it inherited from the Government, Ferranti, has also been showing its new financial viability in the City through a £25m. loan raised from commercial banks. The NEB has also been extending its takeovers of small and medium sized companies and is about to boost this side of its

business with regional subsidiary boards based in Newcastle and Liverpool. Finally, it is developing its role in helping with specialised export businesses, especially in the field of medical supplies.

But in spite of these individual successes and developments, the NEB still looks a curious patchwork of large-scale problem companies and small-scale one-off enterprises with no over-riding link or strategy to justify them being grouped together in one state holding company. Critics say that while there may be a permanent "hospitalisation" role for the NEB with the problem companies — as Conservative politicians are beginning to accept — the organisation has shown none of the constructive interventionism of its predecessor, the Industrial Reorganisation Corporation which was wound up by the then Conservative Government in 1970. It has thus done little, they say, to help to reorganise and rationalise British industry. Equally, from the left-wing of the Labour Party's point of view, it has done little to fulfil its original concept of spreading public ownership into key areas of major industries.

But not surprisingly, Mr. Murphy and his colleagues do not subscribe to such a critical view of their activities and tend to group their work under three headings. The first is looking after the "lame ducks" like British Leyland and Rolls-Royce which could be added to in the future if the Government wished, outside the 15 to 20 per cent financial criteria. Then there is what are known as the "equity gap" companies where the NEB, perhaps in competition with other organisations such as Finance for

Industry, will help small and medium sized concerns with their cash problems. Some of these companies (which include names such as consumer electronics, clockmakers Thwaites and Reed, and Bull Motors of Ipswich) may fit into some wider NEB strategy or simply may, like Reed and Smith, be worth helping for their own sake as smaller companies. The NEB sees nothing wrong, as a State funded organisation, in being in competition with other agencies and banks for this sort of business.

The third category of activity is perhaps the most controversial and includes the Fairey venture. This is the IRC-type role. Here the NEB tries to rationalise industries either by buying into them (as it has done with computer software through the Data Recording Instrument Company and says it will do through Fairey) or through trying from the outside to persuade companies to rationalise their operations (as it and the Government failed recently to do in the power engineering industry with GEC and Parsons).

This activity is linked with the Government's industrial strategy. The NEB is now looking at eight or nine different areas which, according to information it has received from the National Economic Development Office's sector working parties, are ripe for rationalisation. The NEB keeps this work as secret as possible (it will not, for example, explain the precise industrial strategy logic behind its Fairey venture). But after its abortive power engineering venture, it is now interested in telecommunications, where it has been talking to all the relevant companies and trade unions

Mancunian rescue

Up in Manchester, art experts look forward to announcing later this week that they have saved — at the 11th hour — a lesser-known British masterpiece from being exported to the U.S. The artist is Thomas Girtin, about whom his contemporary Turner said: "If Girtin had lived, I would have starved." The work is a sketchbook, sold at Sotheby's for £36,000 in July and seemingly destined to have gone to the Yale Center for the Study of British Art. Lord Donaldson, Minister for the Arts, put a temporary embargo — expiring next Wednesday — on its export and Manchester's Whitworth Art Gallery set about looking for ways to raise the money.

With so many other parts of Britain's cultural heritage from export — for instance, the Tate campaign to save two paintings by Stubbs — it proved harder than might be thought to find £36,000 for Girtin's volume of 36 rural sketches. Why did the task fall to the Whitworth? It already has the finest collection of works by Girtin, and Francis Hawcroft, who is in charge of the museum's drawings, is a renowned authority on Turner's short-lived rival.

Hooked on them

According to the *Angling Times*, which has a vested interest in the matter, some British gourmets are turning to worms. At the second annual Earthworm Bakeoff Contest in the U.S., 20 recipes were sent in from this country. According to connoisseurs, worms are excellent in fritters, but those caught from manure heaps have a disconcertingly strong flavour. It is even suggested that our anglers may face a worm shortage, due to competition from kinky cooks.

Observer

company went into receivership early in October. But the NEB decided that — because it was not interested either in the businesses or the problems and debts of Fairey's aviation activities — it was best to wait until the receiver had moved in. Then the NEB identified the companies in the group which it regarded as a viable and potentially interesting package and after visiting the factories involved, put in its bid. In spite of Trafalgar House's complaints that it has paid too much, the NEB might have been prepared even to go above the £20.6m. that was offered. It refused a request to withdraw which was delivered personally to the NEB's headquarters by a Trafalgar House emissary of Mr. Victor Matthews.

These actions are bound to raise hackles among Conservative politicians who strongly disapprove of such entrepreneurial activities by the NEB. The Fairey case may therefore affect the impact of some of the advances made by the NEB to the Conservatives, as he does to other political parties and interest groups. In the Conservatives' case, there have been dinner parties at the NEB, some attended by Sir Keith Joseph among others. Industrialists have also been invited to join the Conservative politicians and senior NEB executives on these occasions, and so far the NEB has successfully conveyed the message about its role as a state holding company for the problem companies. But it has had little success in explaining the benefits of its entrepreneurial role, even though Mr. Murphy and his colleagues have made it fairly clear that an emancipation of the NEB's functions would mean that many of its best staff would become frustrated and leave.

Alongside this problem with the Conservatives, the NEB also has differences with the left-wing of the Labour Party which wants it to be given £1bn a year to spend compared with the £275m. it has for the current financial year. In the first eleven months of its own calendar year, the NEB has so far in 1977 spent some £198m. (£29.9m. on shares and £168.2m. on loans). It considers this a realistic rate of expenditure and might well be horrified by the prospect of having to find some £1bn to let alone being made the main industrial investor of North Sea oil revenues which some Labour Party leaders are advocating.

Such an expansion would indeed change the NEB into a major vehicle for nationalisation. Its present role is a mixture of state merchant bank and management consultant, trying, by persuasion rather than by the force of law or mountains of cash, to impose its views on industry.

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Spelling tips

A few chips off the old blocks

MR. JOHN FRASER'S chances of surviving as Prime Minister of Australia beyond the election on Saturday seem to lie in the hands of the Australian Democrats, a group little more than six months old, with only the most rudimentary structure, no funds, and a remarkable ragueness of policy.

The Democrats were founded and are led by a former Victorian Liberal Party MP, Mr. Don Chipp, who left the Liberals last May "fed up to the teeth" with both Mr. Fraser and the rigidities of the existing party system. With a majority of 55 seats in the House of Representatives, Mr. Fraser had no cause for concern at the time. Like most other politicians and political writers, he saw no need to take the Australian Democrats seriously until a few weeks ago—rather the reverse.

Lack of interest has turned into a courtship in these last days of campaigning. National opinion polls show the Democrats to have about 10 per cent of the vote and to be gaining. One poll indicated that as many as another 30 per cent of the voters might still be prepared to support the Democrats when the time came.

The Fraser Government will be in desperate trouble unless it can get the second preference votes of Mr. Chipp's followers. Those second preferences are very likely to determine whether the Liberal-National Country Party coalition survives in office. Even if it does, Mr. Fraser could still face the outside possibility of the Democrats holding the balance of the Senate.

The rise of the Democrats is attributable to disaffection with the Labor Party as well as the



Gough Whitlam is on the Left, Malcolm Fraser on the Right—and Donald Chipp well established in the middle.

Liberals—probably in equal measure. Its scale has made predictions of the election result little more than guesswork.

In line with their general attitude to traditional party politics, the Democrats are not telling their supporters what their second choice should be. Their campaign literature shows voters how to mark a ballot paper in two ways, so that the second preference can be directed either to the Labor Party or the coalition. Nobody can tell how they will divide.

There seems to be little doubt that the campaign has given a considerable fillip to the new middle-ground party. On the Government side, particularly the campaign has been one of the most open vote-buying exercises in many years.

Liberal Party advertising has concentrated overwhelmingly on comparisons of the cash advantages to be had from the present Government—compared with a Labor Party administration. Judging by all the evidence available, that approach is not likely to attract the typical Democrat supporter.

Mr. Chipp has been campaigning on the general line of "a plague on both their houses," and the need for more honesty, compassion, and humanity in politics. But on two important matters Mr. Chipp is far closer to Labor Party policy than that of the Government. He is against uranium development and in favour of the time being; he believes that economic management must be concerned more directly with the problem of rising unemployment (now at 6 per cent, or 370,000). In spite of the controversy before the election campaign, the Government has soft-pedalled uranium. Neither public nor private surveys so far have ranked it among the major issues in the minds

of voters, but the polls have a hand grenade, representing a slow erosion of support for the Government's decision in August to go ahead with a development of new mines and the export of uranium processes into yellowcake.

There can no longer be any serious doubt that a Labor Government would, indeed, stick to the letter of the no-development policy it adopted last July. If there is a significant response to the Labor campaign, the question may be rather whether a non-Labor Government might feel it prudent to slow down its own development plans.

The election campaign has been dominated entirely by domestic issues at the national level. International relations have barely rated a mention. There will, nevertheless, be direct international repercussions from some of the promises offered by, and extracted from, the alternative Governments in the past three weeks. The Government has announced a three-year programme of protection against imports for the Australian footwear, clothing, and textile industries as part of a general undertaking to use protection wherever necessary to prevent further loss of jobs. In the closing stages of the campaign, Labor is being hard-pressed to avoid a direct matching offer.

The Government was prodded into protection by Labor's heavy emphasis on unemployment and the combined pressure of trade unions and manufacturers in the industries concerned. The question now

is how much further it might be pushed. Mr. Fraser's general commitment is to preserve the levels of activity and employment in protected industries—an objective which becomes increasingly difficult should their competitive position continue to erode. In the case of footwear, clothing, and textiles, the Government has chosen to use tariff quotas as its instrument. But it has already shown in the case of local car manufacture that it is prepared to go further if necessary. Local car-makers are guaranteed a flat 50 per cent of the market.

Labor has promised to abolish the present 4 per cent tax on payrolls of medium-sized to large businesses as an anti-inflation measure and to encourage employment. In fact, while demand remains so depressed, the measure is far more likely to increase profits than create jobs—something that Mr. Fraser, in a curious reversal of roles, has been trumpeting at every opportunity. To balance the windfall to some of the largest (often foreign-owned) companies operating in Australia, the Labor Party intends to introduce a super-tax on "excessive" profits. The point at which profits become excessive is yet to be defined, but must obviously concern many potential investors and resource developers such as the Ullah Development, now the most profitable company in Australia.

Measured by the current mainstream of international thinking, the Labor Party's general economic objectives, as stated in this election campaign, are closer to orthodox than Mr. Fraser's. In spite of the big-spending reputation of the 1972-75 Labor Government, only the mildest stimulus is being proposed for the coming year, with the prospect of a worthwhile reduction of price inflation from the ending of a payroll tax. The Government formula is unchanged from that of the past two years: inflation control through tight control of the money supply and restriction of public sector spending, an equally tight rein on real wage growth, but with tax cuts to restore incentive.

Apart from the Government's proposed tax cuts and Labor's plan to abolish the payroll tax, however, it is extremely doubtful whether more than a tiny proportion of voters have absorbed the detailed argument of the past three weeks. Most seem to be making much broader judgments, as reflected by the defections in the Australian

Insider dealing

From Mr. R. Instone.

Sir—I share Professor D. R. Myddelton's scepticism (December 5) about making insider dealing a criminal offence, but I am now persuaded that some legislative action in this field is necessary.

It is fundamental to company law and practice that the duties of directors are fiduciary; that is, they must exercise their powers for the company's interests and not their own—and are accountable to the company for any misuse of those powers. Unless this principle is maintained, efficient and honest management will be unobtainable. Few will disagree with Prof. Myddelton's cynical suggestion that insider dealing is an acceptable element of company law or over-remuneration. If "insider dealing" company stores would be accepted also.

The absence hitherto of any active sanction against the misuse of directors' powers is mainly attributable to the following uses: (a) the cost of litigation against the individual investor is so high that the likelihood of success is so small that proceedings are for other reasons; (b) the technical nature of the law which prohibits shareholders from suing to redress a company's mismanagement by its directors where fraud is not involved.

It is now widely accepted (as the White Paper on directors' duties observes) that insider dealing is wrong, and it may be put (if not higher) that making a criminal offence would deter (whether directly or not) those who would not be deterred by the relatively slight civil proceedings. It is, undoubtedly, however, the effective deterrent would be an increase in the likelihood that the inside dealer will be held to account for his ill-gotten gains, whether in civil or criminal proceedings. It is, therefore, important that the all cases including a liability discharge the benefit. It is equally important that the Companies Bill should give effect to the statement in paragraph 17 of the White Paper that it is proposed "to strengthen the rights of shareholders to take legal action where they consider that their interests have been harmed by the actions of the directors." If this does so this will automatically increase the prospect of a civil action and so help restrain insider dealing which it recurs to a criminal prosecution.

Old Square,
London W.C.2.

Letters to the Editor

excess production it even indulges in plain and simple dumping.

In addition to being members of all EEC countries and therefore members of the UN and therefore subscribe to the UN Conference on Trade and Development. One of the purposes of the latter is to look to the interests of developing countries. Developing countries are producing primary products, many of which are agricultural. The principles and practice of the CAP are in direct opposition to these products.

I am aware that the EEC makes substantial contributions to the economies of developing countries, but on two grounds this is no real answer. By common consent gifts of money to primitive countries are counter-productive. On the other hand, money handed out to more sophisticated developing countries are apt to be returned to the donors in the way of trade. This is anything but disinterested. It is simply throwing sprats to catch mackerel.

J. P. Pickering,
Orchard Place, Heron,
Northumberland.

Unity of the EEC

From Mr. A. Finlay.

Sir—I was not surprised that Mrs. Thatcher failed to make any strong commitment to the development of the European Economic Community into a successful political and economic union.

The majority of the Conservative Party seem to support the EEC as a glorified customs union, and are willing to allow economic discussion and limited cohesion in law. They do not wish to see true political union as this might mean that they could not continue to run this country with centralised and democratically elected government. The feeble excuse they give is a fear of European Communism spreading and controlling this country.

I feel as a Liberal Party member, that this country must move towards a federal system of government which is a full and equal member of the EEC if we are to prevent economic and political chaos in Europe. Of course the EEC has its faults as with any political system but it is always preferable to the alternative. It is to eliminate the EEC for the benefit of all countries in the world.

A. Finlay,
23, Foscoate Road,
Hendon, N.W.4.

Reflation and unemployment

From Mr. R. Musgrave.

Sir—It is good to see someone debunking the job creation schemes at last—Samuel Brittan, Lomhard Colamp, November 29. But I submit that Mr. Brittan failed to spot the most important fallacy of all in the whole job creation business.

Unemployment is above the "natural" level—the level at which further reflation will increase inflation and imports rather than jobs or wealth—then reflation, as Mr. Brittan says, is infinitely preferable to job creation. On the other hand, if unemployment is at the natural level, then it can never be reduced by sweeping the unemployed under a variety of schemes like job creation, importation and imports arise because of an inadequate availability of labour and other things needed to meet demand and it makes no difference how this inadequate availability is brought about—whether it be because of successive demands because the unemployed have all been

Letters to the Editor

able incomes policy especially for the nationalised industries. Here some form of statutory wages policy now seems inevitable and policy would have to be linked to the cost of living index and where possible should be based on increased productivity.

Firemen and others engaged in vital national service should be re-engaged on a no striking basis, on a par with the armed services, but from productive work into passive non-productive forms of pseudo work.

Unemployment can be reduced by two and only two basic methods. First, as Mr. Brittan said, the natural level of unemployment must be reduced. Second, enough reflation must be applied to keep unemployment down to its natural level.

R. S. Musgrave,
24, Garden Avenue,
Framlington Moor,
Durham.

A Minister of Pay

From Mr. N. Wilson.

Sir—it is becoming increasingly clear that a return to free collective bargaining necessitating sanctions is not compatible with good industrial relations and an early return to single figure inflation.

This being so, there seems no alternative but to devise a work-

VAT and bad debt relief

From the Chairman,
British Mercantile Agency.

Sir—When VAT was introduced it was made quite clear that no relief would be granted on bad debts. Following the Finance Bill Customs and Excise has now been instructed by the Treasury to consider ways and means of granting relief on bad debts, that is the VAT output on the trader's sales which he is unable to recover because of the financial failure of the debtor. This is in line with relief granted by Customs and Excise for purchase tax, notwithstanding the fact that this was always stated to be a concession and not a right. It would appear that generally speaking retailers are not concerned with this since they already obtain VAT relief on bad debts as VAT liability is calculated on gross takings, which by definition is cash received. What therefore has to be considered is VAT relief for any valuable undertaking other than retail.

Customs and Excise has issued a discussion paper which sets out in detail the pros and cons of the proposed relief. In my view, however, it does not go far enough, since it is seeking to limit the relief to certain types of formal insolvency only. I consider that relief should be granted on all types of debts, which prove to be uncollectable due to the inability of the debtor to pay. All debts to include formal and informal insolvency.

Customs and Excise has stated that relief would only be given on certain types of formal insolvency because of lack of third party evidence, but surely third party evidence to support bad debt write-off can be given by a debt collection agency licensed under the Consumer Credit Act or a solicitor? Such information could be certified by auditors annually in the same way as bad debts are accepted for Revenue as a charge against profits for tax purposes.

Adjustment for VAT would be a simple matter of changing the normal return form to provide a space for VAT on bad debts and a further space for VAT on dividends received or the amount subsequently recovered in the last quarter.

Reflation and unemployment

From Mr. R. Musgrave.

Sir—It is good to see someone debunking the job creation schemes at last—Samuel Brittan, Lomhard Colamp, November 29. But I submit that Mr. Brittan failed to spot the most important fallacy of all in the whole job creation business.

Unemployment is above the "natural" level—the level at which further reflation will increase inflation and imports rather than jobs or wealth—then reflation, as Mr. Brittan says, is infinitely preferable to job creation. On the other hand, if unemployment is at the natural level, then it can never be reduced by sweeping the unemployed under a variety of schemes like job creation, importation and imports arise because of an inadequate availability of labour and other things needed to meet demand and it makes no difference how this inadequate availability is brought about—whether it be because of successive demands because the unemployed have all been

GENERAL

U.K. balance of payments (third quarter).
National Economic Development Council meets.
TUC Economic Committee meets.
Mr. Menzies Begun, Israeli Prime Minister, ends visit to Britain.
European Commission expected to make final decision on its recommendations for next year's EEC farm price review.
NATO Defence Ministers end three-day meeting, Brussels.
EEC Budget Council meets, Brussels.
International Monetary Fund monthly gold auction, Washington.

To-day's Events

U.S. and Vietnam resume Paris talks on normalising relations.
Mr. Anthony Wedgwood Benn, Energy Secretary, speaks at National Union of Mine Workers' forum on Industrial Democracy, Ilfracombe.
CBI Smaller Firms Council meets.
Guildhall School of Music and Drama, Barbican, E.C.2, perform Midsummer Night's Dream with Mendelssohn's overture and incidental music, 7 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Scotland Bill, committee.
House of Lords: Debate on defence.
Select Committee: Expenditure (Environment) sub-committee. Subject: National Land Fund.
Witnesses: Harridge in Danger (4 p.m., Room 5). European Legislation. Subject: Road D Programme; Primary Raw Materials.
Witness: Mr. Leslie Huchfield, Under-Secretary, Industry (4.15

COMPANY RESULTS

Burton Group (full year). Hanson Trust (full year). Northern Foods (full year). Phoenix Assurance Company (third quarter figures). Pilkington Brothers (half-year). Ransome Hothersall Pollard (full year).
COMPANY MEETINGS
See page 21.

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BIDS AND DEALS

Charterhouse Japhet's £14m. for Trust & Agency

CHARTERHOUSE JAPHET, the merchant bank, through a subsidiary, making an agreed £14m. take-over offer for Trust and Agency Company of Australia...

BSC IS GRAHAM WOOD BIDDER

THE BIDDER for heavy steel stockholders, Graham Wood Steel Corporation, at the beginning of November Wood announced that it was in bid talks...

SHARE STAKES

Dares Estates—Shearer Estates (Residential), in which Mr. P. D. Jackson has an interest, have been allotted on November 24, 650,000 shares at 19p per share...

Fruehauf wins but bitterness continues

IN CONCEDED defeat in the bid battle against Fruehauf Corporation of Detroit, the U.K. directors of Crane Fruehauf have withdrawn their support for the profits forecast of £3m. made last month at the height of the tussle...

posted to shareholders yesterday. In them Pearson emphasises that it plans to retain Tussauds' staff and management who would assume "overall responsibility for Chessington Zoo" which is owned by Pearson and which Tussauds wanted to buy.

Electronic Rentals allowed to double dividend

Electronic Rentals discloses that, in the context of the 100p offer, from Philips Industries, Treasury permission has been obtained to more than double the dividend...

comment

Any hopes that the motives behind this odd looking bid would become clearer with the arrival of the rejection document are quickly dispelled. Electronic stresses that Philips itself does not want the bid to succeed...

FIFE FORGE

Marine forgers, Fife Forge, has purchased R. S. Forster, another forging group with complementary interests in the smaller end of the shipbuilding business...

ASEA PURCHASE

With the object of further developing its service to customers, ASEA, London, has acquired, as from January 1, 1978, Leyton Triconic, Ellesmere Port. This company, which will in future be known as ASEA Triconic, has hitherto been involved in the repair and overhaul of electric machines up to and including 11 kV...

Shareholders of Fife are to be sent details of the purchase and will be told that Fife intends raising the maximum dividend for the current year. Mr. Hepburn explained that the group does not operate in the tanker or big shipbuilding industries and thus has shielded it from the worst effects of the slump in shipbuilding...

ENGLISH CHINA JOINT VENTURE

The Flintkote Company, based in Stamford, Connecticut, and Anglo-American Clays Corporation of Atlanta—the U.S. subsidiary of English China Clays—have announced the formation of Atlantic Carbonates Corporation. The jointly-owned company will produce ultra-fine ground limestone products from deposits near Baltimore in Maryland controlled by Harry T. Campbell Sons Company, a unit of Flintkote's Campbell-Grove division.

PEARSON/TUSSAUDS

S. Pearson and Son has gone ahead with its 45p per share cash offer for Madame Tussauds, despite continuing opposition from Tussauds management. The official documents were New Year.

The Bank of Tokyo, Ltd. Negotiable Floating Rate U.S. Dollar Certificates of Deposit Series D. Maturity date 9 December 1980. Interest Rate of 7.25% per annum.

ASSOCIATES DEALS Casenove and Company on December 5 for account of Black Diamonds Pensions bought 228,000 British Investment Trust securities at 160p.

THE GENERAL ELECTRIC COMPANY LIMITED INTERIM REPORT 1. The depressed state of demand in the U.K. and other countries in which GEC has factories has limited expansion of output. However, outstanding orders of the U.K. businesses were 24 per cent higher at 30th September than they were a year earlier...

STEEL Profits demand volume. An advertisement featuring a large graphic of a steel beam with the text 'STEEL Profits demand volume' written across it.

What's wrong with this picture? The simple answer is 'Not a lot.' Because this year, when demand remained flat and volume actually decreased, Johnson & Firth Brown have shown approximately a 50% increase in pre-tax profits to £11 million.

MINING NEWS

Thailand eyes Tongkah Tin

BY PAUL CHEESBRIGHT

THE THAI Government is likely to take an equity share of the former London Tin group company, Tongkah Harbour Tin Dredging, before the end of 1980.



Despite the sluggish international economy, tin prices have remained consistently firm in the absence of tin releases from the U.K. stockpile, the mines are finding it difficult to keep up with demand.

The greater part of Tongkah's ore reserves lie in offshore areas of Thailand. Leases expire in 1979. Mr. Mitchell said the applications will be made for new leases but draws attention to the Thai policy of requiring "a substantial Thai interest in the equity of companies engaged in the extraction of the country's natural resources."

After falling as low as \$89.25 at the beginning of last month, the LME cash wirebars price has lately been moving towards \$90 and closed yesterday at \$87.75 a tonne.

The security situation within Rhodesia has been affecting the company, especially through the extension of the call-up, which has meant that 15 per cent of skilled personnel may be absent at any one time.

In the year to last September Mangula had net profits of \$32.49m (£28.8m), compared with \$22.95m the year before. Two dividends were paid, making a total distribution of 14 cents (11.5p). The shares were \$24p yesterday.

In the 12 months to June the average price received per picul of tin metal was \$31,341 (\$209). Since then the average has been \$31,577. In the first four months of this financial year the tin concentrate was 187 tonnes, against 195 tonnes in the same period the previous year.

The company is now domiciled in Malaysia and is controlled by New Tradewinds. Mr. Mitchell has requested that Mr. Mitchell step down as chairman after the annual meeting in Kuala Lumpur on December 30. Tongkah's shares yesterday were 95p.

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EARNINGS SLIDE AT PATINO

Third quarter earnings at Patino, the Dutch-based international group in which Preussag of West Germany has a 30 per cent stake, were sharply reduced against a background of depressed copper and zinc prices, the group announced yesterday.

CAIL EXPECTS A COMPROMISE ON WARKWORTH

The New South Wales Government has indicated to Coal and Allied Industries (CAIL) that it is prepared to work out a reasonable compromise on mining licences for CAIL's 600m tonnes coal deposit at Warkworth.

MANGULA SEES A HIGHER PROFIT

The Rhodesian copper producer WTD (Mangula), a unit in the South African group, Messina, has cut across the pessimistic trend in the international industry with an indication of higher profits in the financial year to next September.

MINING BRIEFS

KILLINGHALL TIN—November 18: out 49 tonnes (October 21 tonnes). GEORGINA TIN—November 18: 16,674 tonnes (October 15,700 tonnes).

MY Dart confident of progress—to spend more

In spite of the many difficulties facing M.Y. Dart, including the effects of the stronger pound on the profitability of exports, Mr. S. Marks, the chairman, has said that further progress will be made.

JOHNSON & BARNES RIGHTS AT PAR

Knitwear group Johnson and Barnes is proposing a rights issue of 1.92m shares on the basis of one-for-one on 12.3p. The issue is subject to shareholders' approval.

F. Cooper recovers to £317,510

Cold rolled steel processor Frederick Cooper (Holdings) has returned a £317,510 pre-tax profit for the July 31, 1977 year against a £284,597 loss for the previous 16 months.

RESULTS AND ACCOUNTS IN BRIEF

WOLVERHAMPTON STEAM LAUNDRY—Turnover (excluding VAT) £24,406 (£28,781 for six months to September 30, 1977).

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

Table showing banking figures for U.K. banks and Overseas banks, including eligible liabilities, reserve assets, and total reserve assets.

TABLE 1. AGGREGATE BALANCES

Table showing aggregate balances for liabilities and assets, including Treasury bills, government stocks, and foreign currencies.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

Table showing individual groups of banks' balances for various banks like Barclays, Lloyds, and Midland.

TABLE 3. CREDIT CONTROL INFORMATION

Table showing credit control information for eligible liabilities, reserve assets, and reserve ratios.

London Clearing Banks' balances

as at November 16, 1977

THE TABLES below provide the first monthly indication of the trends of bank leading and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England.

of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector.

Table showing London Clearing Banks' balances, including Treasury bills, government stocks, and foreign currencies.

Kelsey on target with £1.99m.

TURNOVER for the year to September 30, 1977, of Kelsey Industries expanded from £12.5m to £16.5m, and pre-tax profits advanced from £1.5m to £1.99m.

Chapman (Balham) falls at six months

Taxable profits of envelope manufacturers, Chapman and Co. (Balham) dropped from £163,738 to £22,945 for the six months to September 24, 1977.

Recovery by Anderson's Rubber

Following a depressed second half when only £1,636 was earned, Anderson's Rubber Company has recovered to a £37,500 pre-tax profit in the July 31, 1977 half.

Pension for £11,500 man ruled legal

AN £8,000 golden handshake and £100 a week inflation-proof pension paid to a senior county council official who retired through ill health was ruled legal.

Provident Life holds bonus

Provident Life Association of London has maintained its role of being the first life company to announce its bonus rates on an additional with-profits contract.

Table showing National Westminster and Williams Glyn balances, including Treasury bills, government stocks, and foreign currencies.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of the Companies Act, 1965. HENDERSON & PORTER LIMITED and in the Matter of the Companies Act, 1965.

ART GALLERIES

FLEBOURNE GALLERIES, 53 Old Broad Street, London, E.C.4. SCOTTIE WILSON.

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CINEMAS

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Spiffing

Early 9 fall in increased activity \$ volatile

OUR WALL STREET CORRESPONDENT

WIDESPREAD and fairly sharp... The Dow Jones Industrial Average was 8.27 lower at 3117.70...

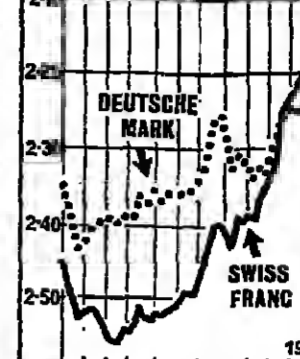
to a union meeting for Bourse personnel, which decided to stop... Kiebert fell sharply by the maximum permitted daily amount...

investors to hold off while the volume of selling increased... JOHANNESBURG—Gold shares registered gains extending to 100...

The U.S. dollar fell sharply against the stronger European currencies in early trading yesterday...

GOLD MARKET

Table with columns for Gold Bullion, Gold Coins, and Gold Bars, listing prices in various currencies.



FOREIGN EXCHANGES

Table listing various foreign exchange rates for currencies like the British Pound, Japanese Yen, and Australian Dollar.

OTHER MARKETS

Canada also weak... Canadian Stock Markets also fell ground across a broad front in fairly active early trading yesterday...

Canada also weak

Canadian Stock Markets also fell ground across a broad front in fairly active early trading yesterday...

EUROPEAN EXCHANGES

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York...

CURRENCY RATES

Table showing currency rates for various countries including the UK, Japan, and Australia.

EXCHANGE CROSS-RATES

Table showing cross-rates between major currencies like the Dollar, Pound, and Yen.

INDICES

Table of stock indices including the Dow Jones Industrial Average, S&P 500, and various regional indices.

Y & E. ALL COMMON

Table listing stock prices for various companies in the Y & E. All Common category.

MONTEAL

Table listing stock prices for various companies in the Montreal market.

JOHANNESBURG

Table listing stock prices for various companies in the Johannesburg market.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits and loans.

OVERSEAS SHARE INFORMATION

Large table listing various overseas share prices and company names.

CANADA

Table listing Canadian stock prices for various companies.

AMSTERDAM

Table listing Amsterdam stock prices for various companies.

PARIS

Table listing Paris stock prices for various companies.

OSLO

Table listing Oslo stock prices for various companies.

ART GALLERY

CLUBS

EDUCATION

COACHING

TOURISM

INTL. FINANCIAL AND COMPANY NEWS

EUROBONDS

Assessing the Eurosterling venture

BY MARY CAMPBELL

A THOROUGH assessment of the prospects for the further use of sterling in the Eurobond market will not be possible until the secondary market has settled down. The speed with which issues have been made—six worth £120m. in four weeks—has swamped the dealers and underwriters and depressed prices further than they would have gone if the market had been started up more sedately. However, the experience of the first month has made some points clear.

The main point revealed at the stage is that it is extremely unlikely that there will be any more issues until the New Year at least. A few days ago, some commentators were even suggesting that the three issues which were priced on Monday would be the last. This degree of pessimism now seems to have faded, but there is no doubt that the Eurobond-market has had its halcyon of sterling bonds for the moment.

Opinions vary on the volume of genuine demand there is from retail investors. The sharpness of the fall in secondary market prices (which is shown up in the table by the difference between the yield at which the bonds were offered at the time of issue and the yield on the current bid price), suggests strongly that significant proportions of these issues are still sitting in the hands of the selling group members. On the other hand, houses which have been involved in selling these bonds all agree that there is some genuine retail demand for them.

A point made by one of the five houses which have so far handled issues is that their launching has attracted demand from investors who would never have considered buying gilts. The argument here is that the selling group for Eurobonds is in effect an "organised promotion" for the bonds being offered—the members of the selling group have the inducement of a 15 per cent. commission on Eurobonds which is not available on gilt-edged.

The result of this, apparently, is that investors who have hitherto not considered investing in sterling are now being caused to do so.

On this argument, the potential demand for these issues "is a function of how persuasive its promoters are."

On the other hand the experience of the first month of activity suggests that there has got to be some rethinking on the appropriate yield level for sterling Eurobond issues. When

the first issue—£15m, later increased to £20m. for the Euro-steel Coal and Steel Community average, and half a point below —was announced on November 8—the comparisons were immediately made with the yield on gilt-edged.

The level of demand for the ECSC issue was such that the

almost exactly two points below high coupon 15 year gilts on the ECSC issue—was made. Precisely where the yield level should be pitched, however, is a matter on which issuing houses are divided. According to some, the argument being

argue that the level of demand for the first two issues—particularly the ECSC issue—was due to the attractions of novelty and to the depressed seriously, investors must be prepared to offer a yield which at least compares with gilts.

The matter on which there has been most argument in the market this week has been the advantages of a queue for sterling issues. The suggestion has been made that the Bank of England should have arranged a queueing system for sterling Eurobonds such as effectively exists in the other non-dollar sectors of the Eurobond market.

Opposition from the issuing houses themselves, if nothing else, would be likely to stop such a development. It seems likely that the managers of the sterling issues which were announced but simultaneously just over a week ago had made arrangements for the Bank to queue other issues immediately pending the decision was left to the issuing houses—and in general they seem to feel that they do not want a queueing system to be set up.

One of the three said candidly yesterday, "It's the bankers' fault if the market went wrong, not the Bank of England's fault."

	Amount £m.	Final maturity	Yield at time of issue	Yield yesterday
ECSC Total	20	1989	9.125	10.00
FFI	25	1984	9.125	9.85
FFI	20	1987	9.250	10.46
Fisons	10	1987	10.250	—
EIS	10	1992	9.750	—
Centraals	20	1988	10.00	—

* Approximate redemption yield on the secondary market bid price trading has not yet started in the last three issues.

Preussag now sees loss for 1977

BY ADRIAN DICKS

PREUSSAG, THE West German base metals, engineering and energy group, warned today that it now expects to show a loss for 1977, largely because of the continued fall in the zinc price during the third quarter. In a statement to shareholders on the first nine months, the company made clear that what it describes as "extraordinary factors since the middle of the year" had made it revise the hope expressed at the annual meeting last summer of maintaining its dividend this year.

A revival of zinc prices during the current quarter might have turned this unfavourable situation round, Preussag states, but it notes that with the further

drop in the producer price from \$700 to \$600 a tonne, this appears scarcely likely. Sales agreements for 45,000 tonnes of metal were up to 10,000 tons from the second quarter, were concluded without the higher volume contributing anything to profitability.

Weaker prices for lead, copper, silver, cadmium and minor metals contributed to a 12.5 per cent drop in turnover in the metals division to DM183m. This division contributes some 43 per cent of the group's total sales.

A more satisfactory picture emerges of Preussag's leasing business in oil, chemical and industrial gas-carrying railway tank wagons, though its parallel special purpose river boat fleet was less profitable due to the

slacking of the chemicals business. Orders to the group's building materials sector were up 7.4 per cent, while hot stationary and mobile fire-protection materials and equipment continued to show satisfactory growth. Foreign orders for well-sinking and water supply work were up 20 per cent.

To take the most extreme example among the last three of the European Investment Bank's £20m. 15 year issue has been priced to yield 9.78 per cent to its final maturity. This was

press reports have referred to disagreements among the Patino family as the obstacle to security through the London Metal Exchange and a range of important base metals, including tin, which it does not produce itself.

Meanwhile, Preussag announced today that its research ship "Sonne" has sailed for the Red Sea, to resume its programme of research into exploitation in conjunction with Saudi Arabia of oil-bearing marine sediments. It also stated that research work into the mining of deep-sea manganese nodules in which the group is associated with other international mining companies, is proceeding satisfactorily.

Heineken opts for scrip issue

By Michael van Os

AMSTERDAM, Dec. 6. HEINEKEN, the Dutch beer and distillery group, announced here today an unchanged cash dividend and a 25 per cent scrip issue of shares out of the reserves.

A statement ahead of an annual report for the financial year 1976-77, ended September 30, added that the profits have risen to Fl104m in the year. This is 18.3 per cent up on the Fl87m profit made the year before. Total sales amounted to Fl2,470m, which is up 15.3 per cent. The company's production has risen to Fl11,114, 1976-77 from Fl9,971 in the previous year.

A comparison with the last year figures shows that business has developed well in the second half. In the first six months, the turnover had risen by 6 per cent, while profit per share had risen in the same percentage. It is reported that its position had improved in a number of "important" markets.

Heineken added in its statement that the Board propose to the AGM on January 10 next, an unchanged cash dividend of Fl2.50 per share and also the scrip issue. The cash dividend, it pointed out, should offset the Dutch "come-tax" to be withheld on the bonus distribution. The new shares from Fl 1 for 4 scrip will fully cover the profit of the financial year 1977-78.

The City of Paris plans to raise a Frs.300m. 10 per cent Eurobond issue shortly at Paris mayor's financial adviser Christian de la Malène's journalists.

The bonds, yielding 11.5 per cent, will be auctioned in annual instalments starting 1979.

M. de la Malène said Paris need to raise another loan next year, possibly on the national capital market.

FINMECCANICA SPA, Italy's State holding company for metalworking and machinery sectors and a subsidiary Istituto per la Ricostruzione Industriale (IRI) reported sharp rise in sales and orders for the first 10 months of this year, reports AP-DJ from Rome.

Sales in the January-October period totalled L1,721bn, from L1,358bn in the like period. Of the 1977 total, L652bn. were in the domestic market and L762bn. for export. This must be viewed against a domestic inflation rate of 19 per cent at October last.

New orders totalled L2,121bn. up from L1,547bn. in the 1976 period. Of the 1977 total, L952.5bn. were in the domestic market and L1,168bn. abroad.

German DM450m. bond issue

FRANKFURT, Dec. 6.

THE FEDERAL Government has raised DM450m. from domestic banks through an offer of two-year non-interest bearing Treasury bonds (U-Schaetze) sold at a 4.30 per cent discount, to yield 4.60 per cent, according to market sources, reports Reuter.

The transaction was made yesterday, and serves to tide the Finance Ministry over a seasonal bottleneck in its cash position, as well as indirectly helping to absorb part of currency inflows which have come into Germany recently, the sources said.

The yield was the same as that on the Finance Ministry's tender sale of DM1.5bn. of two-year U-Schaetze in early November.

The sources said that one reason for the fresh offer of two-year bonds was that many investors have now completed positions for 1977, and the market is therefore reluctant to take up Federal notes the Finance Ministry is offering in very tight conditions in longer-term sections of the capital market.

The Finance Ministry traditionally has a tight cash flow position at the start of December, because increased and year-end expenditures is not matched by income until large quarterly tax payments begin to flow around December. The report of the DM450m. borrowing comes at a time when there has been speculation on the Federal Government's funding plans for the end-year.

Dealers have been expecting the Government rates on the DM15m. on longer-term paper. While the DM450m. now said to have been raised would tend to reduce the Government's underlying borrowing needs, it was thought by some dealers yesterday that the Government might gear its funding programme to a relatively high level in order to take advantage of the market's end-year liquidity.

IDB plans rights issue

By L. Daniel

TEL AVIV, Dec. 6. THE Investment Corporation of Israel Discount Bank—the country's third largest banking institution—proposes to pay to all shareholders an interim cash dividend of 15 per cent on the nominal value of shares and to recommend that this be regarded as the final dividend for 1977. In addition, it proposes to distribute bonus shares at the rate of 25 per cent.

The corporation is currently considering an issue of securities within the coming two months which will include a rights issue to existing shareholders and to holders of share warrants of series A&A.

Le Cellulose capital

LE CELLULOSE du Pin, a major French paper producer, said it intends to seek shareholder approval shortly to increase its capital to Frs.290.1m. from the current Frs.116m. by issuing 2,320,538 new shares of Frs.75 nominal value, reports AP-DJ from Paris.

French interest rates climb

BY DAVID CURRY

OVERNIGHT RATES on the French money market have climbed to 9.1 per cent, following the continuation of pressure on the franc in the wake of speculation favouring the D-mark and the Swiss franc.

Bank of France intervention rates against first-class paper have moved up to 9 per cent, and the monetary authorities are keeping the market fairly tight in liquidity, so as to sustain the slight upward pressure on rates.

The commercial banks are thought likely to react to the rising cost of money sooner or later by increasing their base rate of lending. This was true of the economy, however, it has usually followed the FASB approach.

The FASB approach deals only with exploration and development costs accounting, and does not touch on standardising marketing, distribution and refining accounting methods, where there is already greater compatibility between companies. The U.S. Department of Energy is, however, engaged in a project to collect information about these aspects of the energy industry's business on a standard basis—although this information will not be public.

There has been fierce opposition to this proposal by medium and small companies who have been writing-off the cost of unsuccessful wells over several years. They have argued that charging these costs to revenue immediately will create sheet and written-off over the life of the well, but unsuccessful drilling costs have to be charged against the profit and loss account immediately.

The Advisory Council suggests areas of accounting to which the rule-making Board should direct its attention. The chairman of the Board has been serving also as chairman of the Advisory Council, whose members are not paid. However, the rule-setting body decided the council should have its own chairman, who

FIRESTONE TIRE		DEERE & CO.	
Fourth Quarter	1977	1976	Fourth Quarter
Revenue	1.21bn.	1.02bn.	Revenue 977.57m.
Net profits	25.3m.	16.1m.	Net profits 46.3m.
Net per share	44 cents	28 cents	Net per share 76 cents
Revenue	4.43bn.	3.94bn.	Revenue 3.00bn.
Net profits	110.2m.	96.0m.	Net profits 256.6m.
Net per share	1.92	1.68	Net per share 4.24

Interfood integration

BY JOHN WICKS

MANAGEMENT of all marketing facilities and most administrative operations of Swiss companies belonging to the Interfood group is to be integrated as from the end of 1978.

Interfood SA, of Lausanne, is best known for its chocolate industry subsidiaries, Suchard and Tobler, but also controls the confectionery firms Renaud and Sebetti in Switzerland, as well as the Ritz pastry manufacturers and the sauce producer, Sw. Frs.1.11bn. — is expected to improve as a result.

New oil and gas accounting proposal

BY STEWART FLEMING

SEC will have the freedom either to accept, reject or modify the FASB finding. Historically, however, it has usually followed the FASB approach.

The FASB approach deals only with exploration and development costs accounting, and does not touch on standardising marketing, distribution and refining accounting methods, where there is already greater compatibility between companies. The U.S. Department of Energy is, however, engaged in a project to collect information about these aspects of the energy industry's business on a standard basis—although this information will not be public.

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Paris to raise Frs.300m.

THE CITY OF Paris plans to raise a Frs.300m. 10 per cent Eurobond issue shortly at Paris mayor's financial adviser Christian de la Malène's journalists.

The bonds, yielding 11.5 per cent, will be auctioned in annual instalments starting 1979.

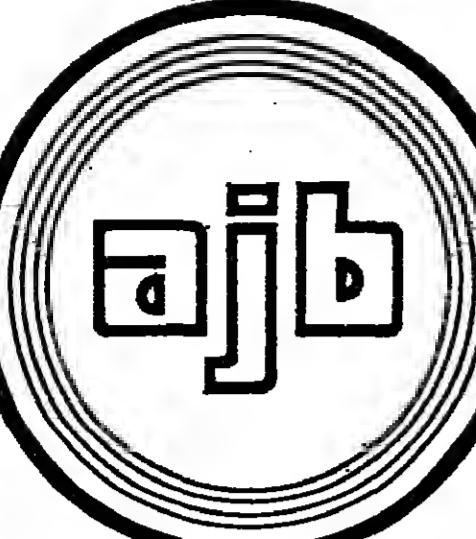
M. de la Malène said Paris need to raise another loan next year, possibly on the national capital market.

FINMECCANICA SPA, Italy's State holding company for metalworking and machinery sectors and a subsidiary Istituto per la Ricostruzione Industriale (IRI) reported sharp rise in sales and orders for the first 10 months of this year, reports AP-DJ from Rome.

Sales in the January-October period totalled L1,721bn, from L1,358bn in the like period. Of the 1977 total, L652bn. were in the domestic market and L762bn. for export. This must be viewed against a domestic inflation rate of 19 per cent at October last.

New orders totalled L2,121bn. up from L1,547bn. in the 1976 period. Of the 1977 total, L952.5bn. were in the domestic market and L1,168bn. abroad.

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John Wicks

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM TERM CREDITS

Morocco raises \$325m. in third borrowing this year

BY FRANCIS GHILES

THE KINGDOM OF MOROCCO has just obtained a \$325m. seven-year loan on split spread over the period of 14 per cent...

CURRENT MATURITY STRUCTURE OF MOROCCAN FOREIGN PUBLIC DEBT

Table showing maturity structure of Moroccan foreign public debt as of October 31, 1977. Columns include source of loan, maturity periods (1-5 yrs, 5-10 yrs, 10-20 yrs, over 20 yrs), and total amounts.

Source: Ministry of Finance.

completing this loan includes \$1,699bn. in 1977 as compared with a figure of \$3,599bn. last year and \$536m. the year before...

Investment abroad by Indian nationals

By K. K. Sharma

NEW DELHI, Dec. 6.

THE MAJORITY equity participation by Indian investors in joint ventures abroad, which the Government is to allow...

SOUTH AFRICAN EQUITY INVESTMENT

Institutions are poised

BY RICHARD STUART IN JOHANNESBURG

A FORCEFUL argument in favour of equity investment is rapidly gaining currency in Johannesburg investment circles.

recent acquisition of Fugit, the largest investment trust listed in Johannesburg. While cash flows have been growing at a compound rate of about 16 per cent...

ANNUAL CASH FLOW OF PENSION FUNDS AND INSURERS

Table showing annual cash flow of pension funds and insurers from 1965 to 1976. Columns include year, insurers, pension funds, and percentage of cash flow in equities.

Just over half annual cash flows are required by law to be invested in Government and public sector stock.

Two important new sources of equities are likely to be multinational selling of South African subsidiaries and domestic rights issues.

Tulip earnings dip

COPENHAGEN, Dec. 6.

TULIP, the co-operative slaughterhouse, increased turnover by 6 per cent to Kr.1.4bn. in the year ending September 30...

SELECTED EURODOLLAR BOND PRICES

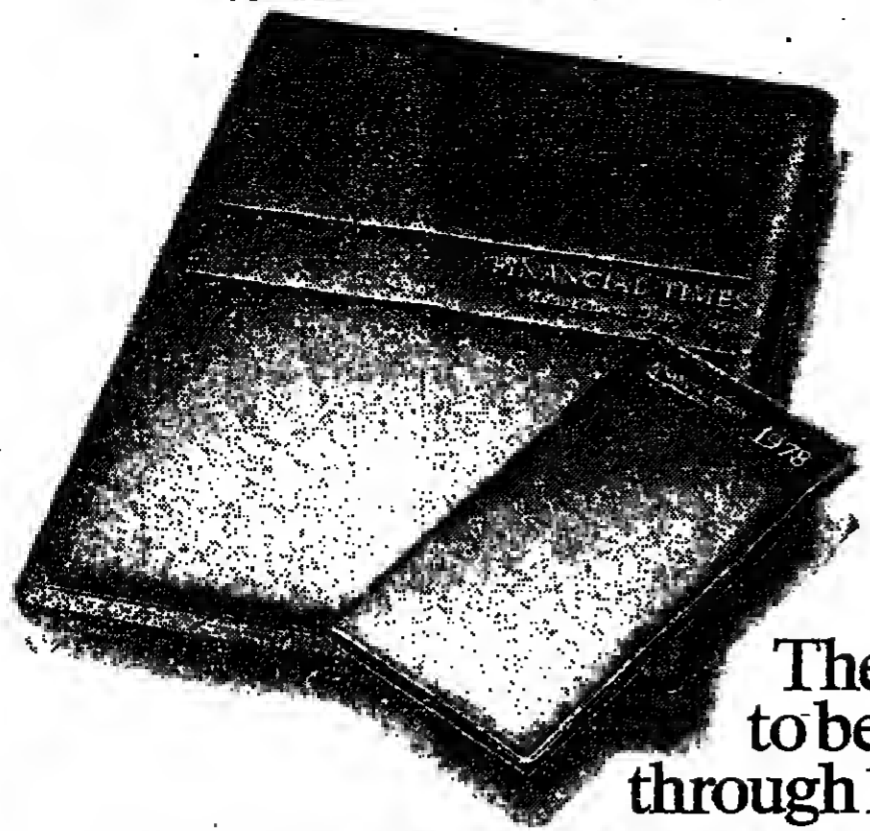
Table of selected Eurodollar bond prices and mid-day indicators, listing various bonds and their prices.

Canadian Imperial Bank of Commerce advertisement. Includes logo, bank name, and financial statements for assets and liabilities, and revenue, expenses, and undivided profits for 1977 and 1976.

Fisons International Finance N.V. advertisement. Promotes 104% Sterling Foreign Currency Bonds 1987, guaranteed by Fisons Limited.

Continuation of Canadian Imperial Bank of Commerce advertisement, including rest account statement and branch information.

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Why the ghost of Beeching haunts German railways

BY IAN HARGREAVES

THE GHOST of Dr. Beeching, whose period as king of the line closures still troubles the memories of British railmen is now haunting West Germany. Or perhaps it would be more accurate to say that his spirit has been summoned up by the men at the head of the German Federal Railway, Deutsche Bundesbahn, and those within the Ministry of Transport who are attempting to push through a tough programme of line closures intended to reduce the size of the 39,000-kilometre (18,000-mile) network by one-third.

Dr. Wolfgang Vaerst, first president of DB, admits frankly that the task should have been undertaken "at least 20 years ago, but it was politically impossible. Now, we are quite determined to succeed." He in fact, proposed even larger cuts than those eventually sanctioned by the German Cabinet and has said that if the programme of closures is resisted, the annual cost of West Germany's railway to the taxpayer will rise from an already colossal £2.4bn. to £7.5bn. by 1985.

Resistance

This has stimulated a road versus rail debate of the kind so dear to British Transport Ministers, but in Germany, with direct rail connections stretching across continents (only a Channel Tunnel could offer this to British Rail), the freight opportunities are greater. But that has not, apparently, made it easier to compete. Last year the railway carried 326m. tonnes, the second lowest amount since 1969. In the same period, even on its own favourably presented statistics, its share of long-distance goods movements has sunk from 40 to 36 per cent.

In Britain the response to a somewhat more serious decline has involved haphazard Government price controls, infusion of revenue support, but with a dearth of backing for investment programmes at certain critical stages which, combined with a number of very bad decisions in the 1960s, has left Britain's rail freight business struggling for viability with a rump of around 180m. tonnes of goods a year.

British Rail has chosen to concentrate on bulk-train business and a limited amount of wagon-load and container carry-

no-redundancies agreement being controlled by a real-time computer system. The main effect has been to render freight marshalling yards almost obsolete, whereas the Germans are busily engaged in a widespread marshalling yard construction programme, including the partially on-stream Maschen yard near Hamburg, whose cost is put at around £200m. It will have a theoretical capacity of 14,000 wagons a day.

Performance

On the passenger side, DB's traffic has climbed steadily between 1967 and 1974, until industrial recession turned the trend slightly downwards again. This performance, much stronger than British Rail's, has been fostered by a low fares policy, which goes some way towards explaining the size of the Government contribution to railway finances, and of course by the fact that Germany still has a very large and dense rail network. Dr. Vaerst estimates, however, that his closure proposal will only drive away 2 to 3 per cent. of passenger business, and that even this will be compensated for by the continuing upward trend of inter-city passenger-miles. As far as fares go, DB admits that a rise is overdue but it is fearful of the effect on traffic. The Government's current position is that a rise within a ceiling of 20 per cent. would be acceptable.

The actual fares structure is much more rigid than in Britain, with tickets priced precisely according to length of journey and class of travel, although, as in Britain, there is a move towards encouraging off-peak travel at cheap rates by special groups such as old age pensioners and students. Supplements are payable on inter-city and trans Europe express trains, which are almost exclusively first class. DB's problem, like virtually all the European railways, is to increase patronage at a time when motor car ownership is still growing steadily because only greater utilisation can justify the massive investment which railways require to maintain ageing assets and to improve productivity.

Improved productivity, the rock upon which British Rail's chairman says he will build his

network's future, is also central for DB. A comparison of the way productivity to Europe made for a House of Commons select committee, showing Britain and Germany sharing the wooden spoon.

As a matter of urgency, Dr. Vaerst, by a process of massive wastage, by 1982 must get rid of almost a quarter of the 400,000-strong workforce he has at the beginning of the year. He must ensure that the right balance within the workforce, given that the downward spiral has been effective in reducing the number of manual labourers of the 211,000 almost unskilled men of civil service status. Asked to describe his target for the century railway, Dr. Vaerst speaks of greater automation and the fact that the gap between Hanover and Wuppertal will need only 10 persons per shift rather than the present 300. It will also be operating at much higher speeds.

Dangers

So Dr. Vaerst, a civil servant with the majority of his experience in transport and road and Mr. Peter Parker, British Rail chairman, are faced with problems similar to those of differing magnitude. Engrossed in their national problems, both railways are in danger of insularity, but it is not so far done much to promote either really useful devices within the EEC or practical measures of operational coordination. The best of the operation has been in marketing to tourists, the worst doubtfully in seeking common freight policies.

Within the German Government one senses a technocratic as they see it, a lack of the cash and confidence in freight in Britain and European States. From this, it emanates a feeling that German obsession with its problem and the anxiety bearing a huge deficit, is hindering progress in taking a look at the future of the transport in general throughout Europe. From that point of view, Dr. Vaerst's surgery could be a useful first step towards recovery of the patient.

ENTERTAINMENT GUIDE

Entertainment Guide listing theatres, opera, ballet, and musicals with showtimes and prices. Includes sections for Opera & Ballet, Theatres, and Musical Theatre.

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FARMING AND DRAW MATERIALS

Metal price explosion 'by 1980s'

BY OUR COMMODITIES STAFF

TAGNATION IN mining investment could lead to massive increases in metal prices in the early 1980s, says Robert Periman, managing director of the Commodities Research Unit.

He told the meeting of the Society of Business Economists yesterday that depressed prices had led to investment virtually drying up in some metal sectors, particularly copper.

"No provision is being made to expand capacity for the future," he said. "Assuming slow growth continues, the present slack in capacity will eventually be taken up and we will be moving into the 80s with many metal industries working at full capacity.

"But, because of the long gestation periods in mining investment, it will also be with prospects of adding significantly to existing capacity in these sectors for five years or more.

"If the next is anything to go by, this will set off massive price increases with rises of two or three-fold and even more in some quick time."

He warned that the longer prices remained depressed, the more difficult it would be to add capacity to existing capacity in these sectors for five years or more.

"The new capacity will be added in the 1980s, but it will be added in a piecemeal fashion, and it will be added in a piecemeal fashion, and it will be added in a piecemeal fashion."

Whaling quota cut decision is reversed

TOKYO, Dec. 6. THE 17-NATION International Whaling Commission met here today to decide on a new whaling quota in the North Pacific at 144.

Members voted for a recommendation adopted by its scientific committee last week at the quota should be 644, instead of 763 agreed in Canberra last June.

The vote is seen as a victory for Japan and the Soviet Union, which take about 75 per cent of a world's whale catch.

The new quota, which comes with 2,000 this year, allows 5,100 males and 1,339 females.

The commission also set a season between March and October for catching male sperm whales over 45 feet long below a latitude of 40 degrees north.

The meeting also decided to fit the North Pacific into east-west management areas next year.

New moves to end union's ban on Icelandic fish

BY OUR COMMODITIES STAFF

HOPES OF AN end to the ban on landing Icelandic fish at U.K. ports rose yesterday following a three-hour meeting between two Humber MPs, Icelandic trawler owners, the Icelandic Consul and representatives of the Transport and General Workers' Union whose members are operating the ban.

After the meeting, a hotel near Solby participants said they were "optimistic" about finding a solution. A further meeting will be held in London on Friday.

The union agreed in principle to end the ban early next month in response to a call from a Grimby fish interests in the industry from trawler owners and fishermen.

It said then that its members would be recommended to lift the ban provided the Icelanders agreed to share their landings equally between the ports of Grimby, Hull, Fleetwood and Aberdeen.

The union is also prepared to extract some sort of guarantee on continuity of supplies from the Icelanders.

Mr. Austin Mitchell, one of the MPs at the meeting, said afterwards that there was no point taking of the ban unless definite arrangements could be made with the Icelanders.

But the British Fishing Federation, which represents the landers' ability or willingness to use the U.K. as a "last resort" market at times when supplies are plentiful.

"When catches are at their lowest in the January-March period, they will want to sell their fish into richer markets," a spokesman said.

"He said the Federation understood the problems of the on-shore industries but still regarded the ending of the ban as a top priority."

Norway threatens to bar EEC trawlers

BY ROBIN REEVES

BRUSSELS, Dec. 6. A NORWEGIAN threat to exclude all EEC vessels from waters off its coast has caused the Commission to press for a revised common fisheries regime, intensified pressure on Community fish negotiations today.

The threat has evidently been made as a result of growing Norwegian impatience at the failure of the Common Market to settle its internal regime, which the Irish Government insists is an essential pre-condition to the signing of a long-term reciprocal fisheries agreement between the EEC and Norway or any other non-Community fishing nation.

But after a day's intensive discussion on basic elements of the agreement, the Irish—although the Irish's 200-mile limit and fish stock conservation arrangements—Ministers were far from an agreement.

On the catch share-out, Mr. John Silkin, the U.K. Minister,

Fresh rise in coffee futures

BY OUR COMMODITIES STAFF

COFFEE PRICES rose sharply in the London futures market yesterday afternoon as speculators increased purchases in response to more "bullish" patterns on market charts.

By the close, January delivery coffee had risen £49 to £1,777 a tonne.

Dealers said the renewed activity after two weeks of relatively featureless trading was due to a developing tight supply for this month and January shipments.

The market was also concerned over reports that the new Brazilian price for January coffee would be higher than this month's level.

Traders and roasters have been excited by the discounts offered by Brazil before the recent reduction in the official export price to continue but it is not clear whether this is the case.

They noted, however, that there was a compensation increase in the export price following yesterday's devaluation of the cruzero.

Dairy farmers expect more for milk

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DAIRY FARMERS expect to demand more for milk during the first three months of next year.

They believe that the price will be about 52p a gallon. The present figure is around 49p.

There are several factors involved. To pay farmers 52p a gallon, the price on the liquid market would have to be raised to 12½ p a pint and if the whole of the increase was placed on the end-price, consumption—already showing signs of falling—could tumble.

Should the Government, under EEC pressure, insist on a reduction of the consumer subsidy, the retail price could rise to 15p a pint.

The balance of milk production would have to be sold on the manufacturing market for a price around intervention levels.

Unless the green pound was devalued, the return in this market could depress the overall

U.K. meat and stock sell well in France

BY OUR COMMODITIES STAFF

BRITISH farmers and exporters running only marginally ahead of last year, and lagging markedly in the split of France during the first nine months of this year.

More than half the total came from exports of fresh and chilled beef and veal—particularly the expensive hindquarters—and shipments of calves produced a further £11m.

The Meat and Livestock Commission's latest export figures show that in the nine months the French bought more calves than in any full year previously.

Between January and September, the U.K. had sold 109,800 calves in the whole of last year and only 88,700 the year before.

Beef and veal sales, are

Is our weather growing colder?

BY A SPECIAL CORRESPONDENT

FEARS THAT unusual weather of the 1970s may herald a change in climate have led the CIA and many others to take an interest in this possibility and its potential effects on agriculture.

Similar concern led to a recent seminar on climatic change and European agriculture at the Centre for European Agricultural Studies, Wye College, Kent.

The meeting brought together climatologists, farming experts, businessmen, and EEC officials.

The European Community usually busy with more complex place policy making has a panel studying the problem.

Prof. H. Lamb, one of the panel's members, from the climatic research unit at the University of East Anglia, is no doubt that a shift in climate is taking place.

The difficulty is discovering how the weather is changing. Evidence suggests that there is a cooling trend and that the weather we have experienced in the 70s is not the beginning of the century, has been exceptionally favourable and stable.

More important, in the short to medium term, is the increased variability in weather that the general cooling will bring. This variability means extremes of weather, such as last year's drought, will be more frequent than we are used to. This will

cause increased problems for farming and the industries that supply it.

A cooling trend will not necessarily be bad for all crops but it will affect them differently.

Cereal yields in the main grain belts of Europe could be increased through a slight cooling.

However, growing cereals at their climatic margins in the northern and upland areas, would be increasingly difficult.

Any farming system at a climatic margin would be the first to feel the effect of a cooling or increased variability of the weather. The effects on had years with poor yields or difficult conditions would make them more marginal economically.

Particularly worried about a more variable weather pattern were the industrial representatives at the seminar. The agrochemicals industry is especially sensitive to weather patterns because of the influence on pests.

The drought last year, for example, led to a seven-fold increase in the area treated against cereal aphids in the U.K. and a three-fold increase in France.

A less direct link with weather was shown by the drought in 1972 in the Soviet Union which led it to buy substantial amounts of grain from the U.S.

During the next two years over 40m. acres were brought into production in America which, in turn, led to a \$200m. increase in pesticide consumption.

One agrochemical company said if the weather was going to be more variable the industry might not be able to adjust to widely fluctuating demands. It had managed to do so in the past, when, in the 1960s and early 1970s it had a growth rate of 12-15 per cent. But this was down to 5 to 6 per cent and was expected to be 3 to 4 per cent in the 1980s.

With such a low growth rate a deviation from the norm could not easily be met from spare capacity, and substantial supply, stock and supply difficulties would be experienced.

Given a probability of droughts one year in five or wet springs four out of seven, farmers and company planners must review their cropping systems and production capacities accordingly.

'Farmers left in the cold'

BY OUR COMMODITIES STAFF

THE COMMON MARKET's green currency system puts an intolerable burden on British farmers while encouraging production among inefficient farmers elsewhere in the European Community, Sir Christopher Soames, former vice-president of the EEC Commission, said in London last night.

Sir Christopher, who has also served as a Minister of Agriculture in Britain, told the Farmers' Club that green currencies were designed to cover movements between parities of 5 to 10 per cent.

"But no one foresaw sterling was going to be devalued to a point where there is today an effective difference in prices paid to farmers in different countries of the community of the order of 30 per cent, and more," he said.

He added that while he did not want to see the system done away with, the gross unfairness and serious distortion to which it gave rise had to be removed.

Sir Christopher said the distortion was not properly understood by Britain.

"It means in effect that whereas every other section of our society has been cushioned by the vast devaluation of our currency, highly inflationary economic policies, agriculture has been left out in the cold."

running only marginally ahead of last year, and lagging markedly in the split of France during the first nine months of this year.

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Beef and veal sales, are

Thingamyjig wins at Smithfield

THINGAMYJIG, a 15-month-old cross-bred steer, weighing 556 kilos, won the supreme championship at the Royal Smithfield Show at Earl's Court, London, yesterday.

A cross between an Aberdeen Angus and a Charolais bull, the champion was bred by Ivory and Lascelles, who have about 1,000 head of cattle on their 4,500-acre farm in Perthshire. He was their third Smithfield supreme champion.

Mr. Lascelles said the animal was named by his daughter, who also dubbed the farm's 1972 winner, Whacko, and Clunk Chick, who won in 1973.

Thingamyjig is 451 days old and has put on 123 kilos of meat every day of his life.

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COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—London Metal Exchange. Forward price for delivery in London, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 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STOCK EXCHANGE REPORT

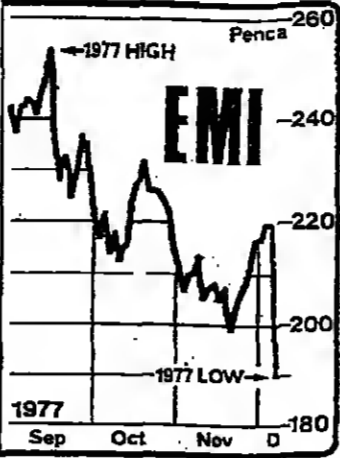
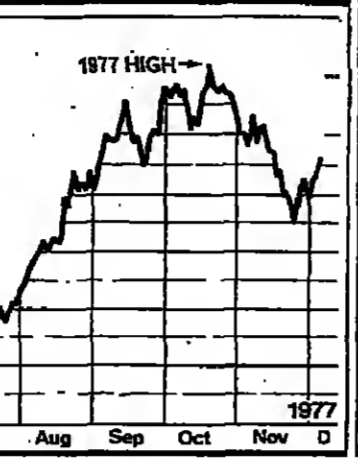
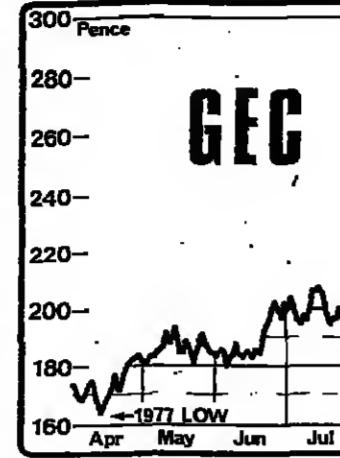
Index 4.3 off at 482.0 after profit warning from EMI
Gilts up to 3/4 better following activation of long tap

Account Dealing Dates
Option
*First Declared Last Account
Dealings Last Dealings Day
Nov. 16 Dec. 8 Dec. 9 Dec. 20
Dec. 12 Dec. 29 Dec. 30 Jan. 11
Jan. 3 Jan. 12 Jan. 13 Jan. 24

ing the subsequent reaction in 116p ahead of to-morrow's interim
sterling before firming once more
on hopes that to-day's banking and
7, respectively occurred in
statistics could prove favourable A. Monk, 72p, and Magnet and
to the market. Final rises here Southern, 202p, Burnett and
ranged to 3/4 apart from Exchequer -Bathamsire firming 3/4 to 186p as
3 per cent. 1981, which, mirror-d Fairclough Construction, to

being allowed by the Treasury
for Phillips Industries' bid
of 100p cash per share.
A nervous market on Monday
following a Press suggestion that
the group may reveal substantial
losses to-day, Burton A picked up

east 4 to 205p. Pilkington
hardened 3 to 483p in front of
to-day's interim results. Among
secondary issues, Kleenex-Ze rose
9 to 71p on the mid-way profits
rise, with further consideration
of Monday's first-half figures left
Vinten 5 up at 74p. Eison and
Robbins responded to annual
results with a gain of 3 at 75p,
after 78p, and similarly, Flexello
Castor improved 3 to 35p but
Coley Industries lost 4 to 110p
after its preliminary figures.
Slight disappointment with the
full-year revenue took Redfearn
National Glass down to 277p
before speculative demand on the
part of 81p and 12c. Bid hopes
accounted for a gain of 10 to 163p
in Norton and Wright.



The FT 30-share Index showed
a turnaround of 7.8, having been
3.5 up at 11 a.m. before closing
with a net loss on the day of
4.3 at 482.0. Yesterday's fall of
33 to 187p in EMI accounted for
about 2.5 of the index loss.

Sentiment in equities was also
disturbed by rumours circulating
towards the close that the latest
bank lending figures, due to be
published to-day, would have
bearish implications for the
market.

British Funds, on the other
hand were looking far more
encouraged from the same
figures and also took heart follow-
ing the activation of the long tap
(Treasury 10 per cent. 1982 at 80p
bid before withdrawal by the Govern-
ment Broker, presumably
to establish a higher level; the
stock was issued less than three
weeks ago at 95). Widespread
gains to 1/2 in Gilts left the Govern-
ment Securities index up 0.41 for
a three-day gain of 0.72 at 747.1.
Trade remained thin with specu-
lative activity in second-line issues
again accounting for much of the
business which left official mark-
ings at 4.136, still lower than last
week's poor daily average.

ing an attempt to find a trading
level, was lowered 1/4 to 87p.

Arbitrage selling connected
with business in Hong Kong secu-
rities negated the effects of a
sliding on late settlement in the
investment currency market and
the premium fell 1/2 to 98 per cent.
Yesterday's SE conversion factor
was 0.7251 (0.7222).

Discount Houses mirrored the
extended firmness in Gilts-edged.
Elsewhere in Chemicals, Carless
Capel and Leonard registered
acute disappointment with the
first-half profits and lost 7 to 37p
and 10 to 100p, respectively.
Gillett Bros., 233p, Seccombe Mar-
shall and Campton, 230p, and
Uolon, 440p, Standard Chartered
closed 3 dearer at 413p following
the interim results.

where M. P. Kent were similarly
dearer at 41p. Helped by option
business, John Laing 'A' rose
softer to 222p awaiting to-
morrow's interim announce-
ment and Marks and Spencer shed
3 to 138p. Moss Bros., on the
other hand, rose 5 to 77p in
response to the higher third
quarter earnings. In Shoes,
Querra, a firm market of late on
an investment recommendation,
declined 5/8 to 30p as profit-taking
settled in after the preliminary

apart from Hawker Siddeley,
which closed a few pence dearer
at 186p, the Engineering leaders
ended on a dull note. Elsewhere,
Matthew Hall responded fresh to
the nine-months figures with a
rise of 9 more to 1186p, while
Oxford, in sympathy, Shell gave up
increased dividend and profits
prompted a gain of 7 to 86p in
Triests. Graham Wood closed
unimpaired at 57p, after 55p, follow-
ing a rise of 10 to 60p, with 60c
cash per share from British Steel.
Hopkins was favoured at 83p,
and 4, while Aurora Holdings, 87p,
and Desouter, 124p, improved 5
apiece, while Whissey had a
rise of 1/2 in front of to-day's
preliminary results.

The Food sector was featured
by late nervousness in J. Lyons, 7
lower at 96p, ahead of to-morrow's
interim statement. J. Bibby came
back 4 to 187p after the previous
day's bout of speculative activity,
but Geo. Bassett, 3 up at 149p,
reflected satisfaction with the
half-yearly results. The lower
annual profits had little impact
on H.M., which closed unaltered
at 46p, after 45p.

Chapman and Co. (Balham)
were a late casualty in Paper/
Printings, being marked down 2
to 70p on disappointment with the
first-half results. Gussies A
Bros. encountered profit-taking
following the chairman's reported
denial of any bid approaches and
reacted 5 to 64p. Bristol Evening
Post, however, put on a 107p in
response to higher interim profits,
while News International finished
7 to the good at 255p.

Business remained fairly light
in Oils. British Petroleum issues,
however, which had been steady
for much of the day, encountered
late offerings from America and
this left the fully-paid 16 down at
87p, after 87p, and the old
Ordinary 12 off at 860p, after
866p. In sympathy, Shell gave up
a rise of 9 more to 1186p, while
Oxford, in sympathy, Shell gave up
increased dividend and profits
prompted a gain of 7 to 86p in
Triests. Graham Wood closed
unimpaired at 57p, after 55p, follow-
ing a rise of 10 to 60p, with 60c
cash per share from British Steel.
Hopkins was favoured at 83p,
and 4, while Aurora Holdings, 87p,
and Desouter, 124p, improved 5
apiece, while Whissey had a
rise of 1/2 in front of to-day's
preliminary results.

Miscellaneous Industrial leaders
closed narrowly mixed. Bechem
ended a penny up at 64p, after
45p, but Turner and Newall
included Tomkins Holdings

FINANCIAL TIMES STOCK INDICES
Table with columns for various stock indices and their values over time.

HIGHS AND LOWS S.E. ACTIVITY
Table showing high and low prices for various stocks and their activity.

OPTIONS TRADED
Table listing traded options for various stocks and their details.

HIGHS AND LOWS FOR 1977
Table showing the highest and lowest prices for various stocks in 1977.

BLACK DIAMONDS PENSIONS LIMITED
Offer for the Ordinary Shares of
THE BRITISH INVESTMENT TRUST LIMITED
The Offer will close at 3 p.m. on Monday, 12th December, 1977 and cannot be extended.

RECENT ISSUES
Table listing recent issues of stocks and bonds, including equities and fixed interest stocks.

FT-ACTUARIES SHARE INDICES
Table showing share indices for various equity groups and fixed interest price indices.

FINANCIAL EXPERTS REASSESS
COMMODITIES - HAVE YOU?
Free reprint of an article comparing results of investments in commodities with alternatives will be sent to you if you complete and return this coupon.

ACTIVE STOCKS
Table listing active stocks with their denominations, closing prices, and changes.

FIXED INTEREST PRICE INDICES
Table showing fixed interest price indices for various government and corporate securities.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of Authorised Unit Trusts listing various funds such as Liberty Unit Tr. Mgrs. Ltd., Allied Hambro Group, The British Life Office Ltd., and others with their respective performance metrics.

Table of Offshore and Overseas Funds listing international investment vehicles like Fidelity Mgmt. & Res. (Gda) Ltd., Kemp-Gee Management Jersey Ltd., and others.

Table of Base Lending Rates listing interest rates for various banks and financial institutions, including Hill Samuel, C. Hoare & Co., and others.

Table of Insurance Base Rates listing rates for various insurance policies and services.

INSURANCE, PROPERTY, BONDS

Large table of Insurance, Property, and Bonds listing various insurance companies, property services, and bond offerings with their respective details.

CLIVE INVESTMENTS LIMITED
Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101

CORAL INDEX: Close 450-455

INSURANCE BASE RATES
Property Growth 8 1/2%
Canon Assurance 2 1/2%

INVEST IN 50,000 BETTER TOMORROWS!
100 people in the United Kingdom suffer from progressively disabling MULTIPLE SCLEROSIS...

NOTES

Notes section containing various financial notices and updates.

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FT SHARE INFORMATION SERVICE

HOTELS-Continued

Stock	Price	% Chg	High	Low
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178
Hotel de Ville	178	-	178	178

INDUSTRIALS (Misc)

Stock	Price	% Chg	High	Low
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107
AGF Research	107	-	107	107

ENGINEERING-Continued

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

ELECTRICAL AND RADIO

Stock	Price	% Chg	High	Low
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110
A.R. Electronic	110	-	110	110

ENGINEERING MACHINE TOOLS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

FOOD, GROCERIES, ETC.

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

HOTELS AND CATERERS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

BUILDING INDUSTRY-Cont.

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

BUILDING INDUSTRY, TIMBER AND ROADS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

CINEMAS, THEATRES AND TV

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

DRAPERY AND STORES

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

BANKS AND HIRE PURCHASE

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

BEERS, WINES AND SPIRITS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

DRAPERY AND STORES

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

BRITISH FUNDS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

AMERICANS-Continued

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

AMERICANS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

AMERICANS

Stock	Price	% Chg	High	Low
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157
Alcon	157	-	157	157

John Smith

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

DAIWA SECURITIES

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

RUBBERS AND SISALS

TEAS

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND, etc.

FINANCE

DIAMOND AND PLATINUM

REGIONAL MARKETS

IRISH

OPTIONS

3-month Call Rates

INDUSTRIALS

HOUSE OF FINANCE

PROPERTY

INSURANCE

A selection of Options traded in the London Stock Exchange Report page

INDUSTRIALS—Continued (Main table)

INSURANCE—Continued (Main table)

PROPERTY—Continued (Main table)

INV. TRUSTS—Continued (Main table)

FINANCE, LAND—Continued (Main table)

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

SHIPBUILDERS, REPAIRERS

Shipping

Shoes and Leather

South Africans

Textiles

NEWSPAPERS, PUBLISHERS

Paper, Printing Advertising

PROPERTY

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND, etc.

FINANCE

DIAMOND AND PLATINUM

REGIONAL MARKETS

IRISH

OPTIONS

3-month Call Rates

INDUSTRIALS

HOUSE OF FINANCE

PROPERTY

INSURANCE

A selection of Options traded in the London Stock Exchange Report page

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Labour MPs support Healey's pay stand

BY RICHARD EVANS, LOBBY EDITOR

STAUNCH DEFENCE of the Government's 10 per cent pay guidelines would lead to inflation falling throughout next year and the return of a Labour administration at the next General Election, a buoyant Mr. Denis Healey told Labour MPs yesterday.

The Chancellor of the Exchequer made maintenance of the Government's pay restrictions the key element in a Labour electoral victory when he addressed the Parliamentary Labour Party following growing disquiet among Left-wingers at the lack of pay flexibility.

Far from meeting the criticisms of the Left, Mr. Healey again hinted that the Government would wish to see control over pay agreements continued in some form when the current policy stage ends in the summer.

The Chancellor's confident assumption that electoral victory lay within the party's grasp—he even said that Labour could retain its grip on office for a further decade—drew warm applause from the great majority of MPs present.

All the moderate and centre backbenchers who spoke echoed the demand for the pay policy to be given full support so that the target of single-figure inflation by next spring would be reached.

Mr. Healey's theme at this meeting convened at the request of the Tribune Group was that the country's economic prospects could improve as much in the next 12 months as they had in the past 12—with all that meant electorally—provided all the party accepted the need for pay restraint.

Following this week's figures

India will order £52m. ships from Britain

BY K. K. SHARMA IN DELHI AND DAVID FREUD IN LONDON

INDIA IS to go ahead with a Government to override questions of cost is intended both as a gesture of friendship to Britain on the eve of Mr. Callaghan's visit and an attempt to break the logjam in the disbursement of British aid. On April 1 about £140m. of committed funds remained unspent.

Mr. Healey warned the Indian Government that such a logjam could result in reduction of new commitments.

Though the Indian Government receives the foreign exchange equivalent of the cost of the ships as a grant, the Shipping Corporation of India has to pay the Indian Government the full price in rupees, so the corporation wanted to purchase from Japan. It will now be up to the Indian Government to find ways of providing a subsidy to the Shipping Corporation.

Mr. Jim Gilliland, chairman of Sunderland Shipbuilders, said yesterday that the ships would provide a grant for the work for two of the company's three yards.

The decision by the Indian Government to place the order with Britain is seen as a political gesture for the Shipping Corporation of India, purchaser of the ships is understood to have received offers from Japanese yards 20 to 25 per cent below the British price.

THE LEX COLUMN GEC keeps up the pace

Index fell 4.3 to 482.0

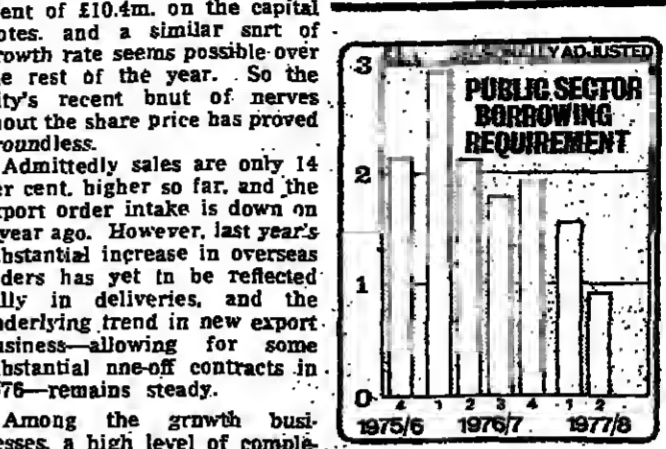
GEC's half-year profits are 28 per cent higher at £155.2m. before an initial interest payment of £10.4m. on the capital notes, and a similar sort of growth rate seems possible over the rest of the year.

Among the growth businesses, a high level of completions in turbine generators has helped to push power engineering up from 13 to 17 per cent of group profits, and orders here are still higher than they were a year ago.

The questions about GEC's longer term strategy remain unanswered, and meanwhile the cash balances are still piling up. September's figure of £522m. will be substantially increased by the initial payment of nationalisation money next month and by further cash generation over the rest of the year.

The authorities have been waiting for a favourable moment at which to drop the price of the long tap Treasury 3-4 per cent, growth rate in 10 per cent, 1992—issued at 95 1/2—and start funding again. The move finally came yesterday, with an eye to the need for following some encouraging provisions for the Glen Ailort

collapse in South Africa and the prospects for the Hedge group cannot have looked too rosy with MLR up at 15 per cent. However, U.K. interest rates have subsequently plummeted while the worst of the property provisions seems to be over in South Africa. U.K. profits, which account for around a quarter of the total, are higher and in South Africa Stanbic—which accounts for another quarter—recently reported a 16 per cent rise in interim profits.



figures for the public sector borrowing requirement (running at an annualised rate of under £5bn. in the first half of the financial year) and ahead of some less alarming banking sector statistics published this morning.

Allowing for £1bn. of tax rebates and other second half adjustments the PSBR is likely to rise again, to maybe £6.5bn for the year, but that would still be nearly £1bn. under the recent Treasury forecast. Meanwhile the 14 per cent rise in the latter business is expected to be noticeably better over the rest of the year.

Standard Chartered. A year ago when the outlook for world trade looked considerably more promising than it does currently, Standard Chartered's interim profits growth looked unacceptably low. This time round, notwithstanding the appreciation in sterling, SC's interim pre-tax profits are nearly a third better at £82.5m. even though world trade which even though world trade which expanded by 11 per cent last year is expected to drop to the price of the long tap Treasury 3-4 per cent, growth rate in 10 per cent, 1992—issued at 95 1/2—and start funding again.

The loss of the Nigerian subsidiary is being compensated for by a sharp rise in Nigerian associate income. However, the slowdown in the growth of world trade is starting to have an impact on SC's important trade financing business and first half trading profits are 5 per cent down on the second half of last year. Nevertheless the group should be able to top £130m. for the full year (against £108.9m.) and at 413p, a historic yield of 6.4 per cent is well above that of the U.K. clearers.

Ranks Hovis. Hopes that Ranks Hovis McDougall could stay close to £40m. pre-tax have been disappointed. After a slight improvement at the half-way stage second-half profits are down a fifth, the total for the year easing from £39.8m. to £36.5m. Nor is this the result of the bread strike, which will lead to a further decline in profits in the first half of the current year. The main reasons are that the underlying problems on the bread side have worsened, and that RHM has taken the knife to its £20m.-odd loan portfolio of its troublesome HP subsidiary Wessex Finance. Moreover, interest charges have been rising steadily—by £3m. over the year.

With the bread strike out of the way, and scope for a sizeable turn-around at Wessex Finance, the group ought now to be on an improving trend. The overseas companies, for instance, will chip in significantly more this year, following further acquisitions in the U.K. But the Board does not seem confident enough to project anything much better than a maintained result, the second 5 months making up for the half-time shortfall. With earnings easing from 6.2p to 5.7p a share the p/e of 7.7 at 46p has great attraction, the appeal centring on a yield of 11.5 per cent.

Hopeful signs on control of the money supply

BY MICHAEL BLANDEN

THE GROWTH of the money supply slowed last month after the sharp jump in October, the latest banking figures, published today, indicated.

The rate of increase in the first seven months of the financial year, to mid-November, is still thought to have been running above the top end of the official target range of 9-13 per cent for the full year.

The figure is likely to have come down, however, from the 14 1/2 per cent annual rate recorded in the six months to mid-October.

This will be regarded as an encouraging performance in a banking month which continued to reflect the heavy inflows of foreign funds in the latter part of October before the pound was allowed to float upwards.

A further hopeful sign for the control of money supply is provided by indications that the sharp jump in domestic bank lending in October, of nearly £600m. in sterling was an exceptional movement.

The overall increase last month is thought to have returned to levels more in line with movements earlier this year.

Japanese reticent on import measures

BY DAVID BUCHAN IN BRUSSELS AND CHARLES SMITH IN TOKYO

THE JAPANESE government today apparently completed work on the import liberalisation measures to be offered to its trading partners, but delayed announcement of the details pending more satisfactory parallel measures to stimulate the domestic economy.

The two sets of measures, combined into an overall balance of payments adjustment, are to be taken, to Washington at the end of this week by Mr. Nobuhiko Ushiba, the newly-appointed Minister of External and Economic Relations.

Mr. Ushiba's remarks on reports of what the Japanese Cabinet has in mind, he told fellow heads of government of the EEC that a long haul would be necessary to reduce Japan's trade barriers.

He also voiced a worry shared by Mr. Roy Jenkins, President of the Commission, that the Japanese package was mainly aimed at placating the U.S.

Oil price may rise despite Saudi plea

BY RICHARD JOHNS, MIDDLE EAST EDITOR

SADU ARABIA'S opening position for the Caracas meeting of the Organisation of Petroleum Exporting Countries, which begins on December 20, is that there should be no oil price increase next year.

But the possibility remains that a small increase, perhaps of 5 per cent, may eventually be agreed.

Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said yesterday in an interview published by the Jeddah newspaper, Okaz: "We are insisting on our policy of freezing prices as it was made known during the ministerial conference of OPEC last summer"—which took place in Stockholm in July.

Contacts with both Iran and the United Arab Emirates had shown that these important producers were also agreed that the price should be kept stable.

Sadat move 'could delay peace talks'

By David Bell

WASHINGTON, Dec. 6. MR. CYRUS VANCE, U.S. Secretary of State, conceded for the first time today that the Administration considers recent Middle East developments "have led us further away" from a convened Geneva conference.

He was referring clearly to the repercussions of President Sadat's unilateral move in inviting the parties to the Arab-Israeli conflict as well as the U.S. and the Soviet Union, to preparatory talks in Cairo. So far only Israel and the U.S. have responded, and Mr. Vance also expressed American hopes that the meeting, due to begin on December 15 would be a "stepping stone towards peace."

Foot rebuts Tory attack on Fairey take-over

BY JOHN ELLIOTT AND PHILIP RAWSTORNE

A SENIOR Cabinet Minister yesterday defended the National Enterprise Board's £20.5m. take-over of the Fairey group engineering interests, which the Board hopes to use as a base to help it rationalise parts of the engineering industry.

Weather
U.K. TO-DAY
CLOUDY WITH some rain. Windy showers in Scotland. S. & S.W. England, Channel Isles. Cloudy with rain at times. S.E. fresh or strong wind. Max. 9C 14.8F.

To the Ordinary Shareholders of
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Limited

The offer from NCBPF is neither fair nor generous

- ★ It ignores £17 million of your assets in B I T.
- ★ NCBPF's much advertised minimum price of 165p per share has never been more than 2 1/2% above the estimated formula value of the Offer and on some days it has been below.
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- ★ On 5th December the estimated going concern value of B I T was **193.2p** per share

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